

EUROPEAN NEWS

Local difficulty tarnishes French right

THE political solidity of France's right-wing governing coalition has received a severe symbolic setback in the cantonal by-election at Lille, in a split between two junior coalition partners, the Republicans and the Centrists (CRS), which between them dominate the non-Gaullist UDF umbrella organisation.

Both these parties are committed to support the candidacy of Mr Raymond Barre in the forthcoming presidential election and the split in the circumstances of this by-election would not necessarily have a big impact on the outcome of that election.

But since the emphasis of political comment in France is starting to focus on the probability that the presidential election will be followed by general elections, loyalty and national discipline between the members of the UDF may play a significant role in shaping the image of Mr Barre in the presidential election and could be crucial for the chances of the UDF parties in a general election.

In the case of the Lille by-election for a seat on the departmental Council General, the UDF had agreed at national level that its official candidate would be Mr Jean-Jacques Descamps, junior minister for tourism and member of the Republican Party. In Lille, however, and against the vociferous protests of the leaders of the Republican Party in Paris, the

BY IAN DAVIDSON IN PARIS

Centrist party decided to challenge the official candidacy of Mr Descamps by supporting Mrs Jeanne Delfosse, widow of the member whose death caused the by-election.

In the first round on Sunday, the Centrist rebellion paid off: Mrs Delfosse came well in front with just over 37 per cent of the votes, while the Socialist candidate came second with 21 per cent, driving Mr Descamps into third place with 20 per cent.

Mr Descamps is making the best of a bad job, by withdrawing from the second round in favour of Mrs Delfosse, while Mr Pierre Mahaignerie, national leader of the CRS, has pointed out that the combined effect of the votes for

the two rival UDF candidates had been to reduce the score of the Socialists and of the extreme right-wing National Front.

In the next week or two, President Mitterrand is widely expected to announce that he is standing for re-election, and most commentators assume that if re-elected (a hypothesis which gets consistent support from the polls), he would be likely to call general elections. The presidential contest is likely to provoke antagonism within the governing coalition between the two main right-wing candidates, Mr Barre and Prime Minister Jacques Chirac; the spread of similar rivalries to the components of the UDF can only play into the hands

of the Socialists.

The probability of fresh general elections has been underlined by repeated declarations by Gaullist leaders in recent days that the presidential election will mark the end of "co-habitation" between a Socialist President and a right-wing government.

The Gaullists are deploying a two-edged argument which could rebound against them. They need to tread the fine line between justifying the co-habitation of the past two years and denouncing any repetition of co-habitation in the future; and they need to frighten the electors with the idea that the re-election of Mr Mitterrand will bring back a Socialist majority to parliament.

US makes final attempt to halt Eurofighter

By David Goodhart in Bonn

THE US Government yesterday told defence industry representatives from Britain, West Germany, Italy and Spain, that its own alternative to the four-nation European Fighter Aircraft (EFA) would cost less than half as much with only a 15 per cent loss of operational effectiveness.

But the belated attempt by the Pentagon to persuade the EFA countries that they should reconsider their \$5.5bn project - agreed only days ago - in favour of one of the most ambitious US-European armaments collaboration plans ever envisaged is almost certainly too late.

EFA is intended to provide up to 300 aircraft which will enter service in the mid-1990s as the main Nato fighter-interceptor and ground-attack aircraft. According to figures provided by Mr Donald Kloke, a deputy under-secretary of defence at the Pentagon, the EFA project will involve research expenditures of \$600 to \$1,000 million and then cost \$20m to \$25m per aircraft. The US alternative, the F-16, will, he claimed, require research expenditures of only \$30m and cost \$24.5m per aircraft.

W Germany 'slow to shift emphasis to growth sectors'

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY has lived down the "Euroclerosis" tag of a few years ago to become the world's leading exporter but its industry has been less dynamic than that of the US and Japan in shifting emphasis to such growth sectors as electronics, the IFO economic research institute said.

This was true for research and development, as well as production, the Munich-based institute said in a report on West German industry's competitiveness. Overall, though, West Germany's competitive position had not become significantly worse in advanced technologies in the 1980s.

If West Germany had lagged behind technologically in its specialist areas of capital goods and high-quality consumer products, it would never have been able to achieve the big gains in market share seen during the period of the D-Mark's weakness.

On the other hand, IFO added, the results of its study also "offer no reasons to show that the technological competitiveness of German industry has fundamentally improved in the last few years". Thus it warned that the latest increase in the value of the D-Mark, which would continue because of the world's large trade imbalances, would have as painful an impact as was felt in the 1970s.

The report, which IFO said presented "a positive picture on the whole," comes as discussion grows in West Germany about industry's resilience at a time of increasing pressures both in

export markets and at home from rising imports. Several businessmen and politicians, including Mr Martin Bangemann, the Economics Minister, have drawn attention to the rising cost of manufacturing in West Germany, as well as the need for more deregulation and flexibility.

Looking at West Germany's performance in electronics, IFO said it had performed less well than the US and Japan in the fast-growing information and communications technology sector, but held up much better in factory automation which had, however, expanded more slowly because of the slower pace of world investment.

Taking exports in the information and communications technology field as a percentage of countries' foreign sales, West Germany (at 7 per cent) was behind Japan (21 per cent), the US (17 per cent), Britain (11 per cent), and France (7.5 per cent). But IFO said the poor showing of West German industry should not only be seen as a weakness, as there had been a large transfer of technology to low-cost Asian countries in electronics. In a high-wage West Germany, the scope for competitive production was limited.

IFO said West Germany had been successful in adapting products so as to stay out of the reach of competition from low-cost countries. Here, it had done better than Japan and the US by having a lower share of its exports in low-technology sectors.

UK plea for greater co-operation on armaments

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

MR George Younger, Britain's Defence Minister, yesterday made a strong plea for more European co-operation in armaments research, development and procurement but indicated that the 7-nation Western European Union was not the right forum for such co-operation.

Mr Younger's remarks, made at a conference in London organised by the WEU Assembly, dis-

appointed delegates from the other European countries, many of whom felt that the minister should have used the opportunity given to him as representative of the host country to further co-operation within the organisation.

The minister said that defence collaboration must embrace all the European members of Nato as well as Nato itself. It was therefore the task of the indepen-

dent European Programme Group (IEPG) to pursue the expansion of European collaboration in defence research and procurement in a Nato framework.

Having made what was essentially a political point on the need for European defence co-operation to remain closely linked to Nato, Mr Younger said it was now widely recognised that Nato's fighting effectiveness was

handicapped by a disparate variety of equipment.

"There can surely be no greater condemnation of the way in which we have gone about our procurement business in the past than the fact that Nato has not and will not have for some years yet, an interoperable identification friend or foe system in service."

"As a result, if we had to go to

war tomorrow, or next year, or even the year after that, we should inevitably end up by shooting down numbers of our own aircraft - of which we do not have enough to start with."

Mr Younger called on Western European allies to encourage industrial competition for multi-national defence projects, a move which he said would lead to lower arms prices for government customers.

Search continues in Gibraltar for car bomb and IRA terrorist

SECURITY forces in Gibraltar were still searching last night for a car bomb and a fourth IRA terrorist following the shooting incident on Sunday in which three IRA bombers were killed, write Michael Cassell in London and Joe Garcia in Gibraltar.

The deaths occurred after the three had been challenged by security forces who suspected a car they had parked in Gibraltar's Main Street, close to the Governor's residence, contained a bomb.

Sir Geoffrey Howe, the British Foreign Secretary, told the House of Commons yesterday the car did not contain any explosives. He also revealed that the three people shot dead - subsequently admitted by the IRA to be members of an active service unit - were unarmed.

He stressed, however, that there was no doubt that the two men and a woman had been involved in planning and execut-

ing a bombing which could have left casualties running into three figures.

The detection of the IRA plan to detonate a bomb close to the Governor of Gibraltar's residence had avoided "a dreadful terrorist act" which could have killed or injured large numbers of soldiers and civilians, Sir Geoffrey said.

As the search continued, the Governor's office in Gibraltar confirmed that Sunday's shoot-out followed a tip-off from the Spanish police a month ago when an IRA unit was located on Spain's Costa del Sol.

Meanwhile, rioters went on the rampage in Belfast last night as anger over the killing of the three IRA members swept through Republican areas. Police fired plastic bullets in West Belfast where gangs hijacked buses, vans and lorries.

Sir Geoffrey said that keys found on one of the three people

killed led to a vehicle parked in the Spanish town of La Linea just the other side of the border. It was found to contain false passports and bomb-making equipment.

The suspect vehicle had been parked close to a school and old people's home. It was likely the planned terrorist act was being timed to coincide with the weekly guard-mounting ceremony involving 50 soldiers of the Royal Anglian Regiment, which has served in Northern Ireland.

There had been "strong suspicions", Sir Geoffrey added, that the suspect car contained a bomb. When challenged, the three terrorists had made movements which led military personnel to believe their lives and the lives of others were under threat. He ignored opposition calls to state whether the British Special Branch or the SAS were involved.

US takes tough line against EC stance on farm trade reform

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Community was severely criticised and warned yesterday by US politicians and trade officials visiting Geneva for its attitude to farm produce trade reform.

Mr Clayton Yeutter, the US trade representative, said the EC attitude was unrealistic and would lead to total chaos in agricultural trade.

The US and EC take opposite positions in current global farm trade talks convened by Gatt (General Agreement on Tariffs and Trade).

Washington calls for a total abolition of farm export subsidies while Brussels proposes only short-term steps to reduce surplus stocks and control prices of key commodities.

Mr Yeutter was speaking at a press conference yesterday given by a team of Reagan Administration officials, led by Mr Richard Lyng, secretary of state for agriculture, and including senators,

congressmen and members of private sector advisory committees on agriculture.

One aim of the high-powered visit was to show that US policy in the farm trade talks has bipartisan support in Congress and will not change whatever the result of the US presidential election.

Some European Governments, notably the French, have opposed holding a mid-term review of Gatt's current round of global trade talks in Montreal next December, arguing that US policy might change after the election.

Senator Patrick Leahy, chairman of the Senate committee on agriculture said produce exporters had two choices: to co-operate realistically in trade reform or, by deferring decisions, to face a trade war.

Senator Rudy Boschwitz, the leading Republican on the senate agriculture committee, com-

plained that Mr Guy Legras, the director general for agriculture in the EC Commission, was aggressive and pugacious.

Mr Legras' remarks had been unsatisfactory and did not establish a good tone for the Gatt talks, Senator Boschwitz said.

Mr Lyng and Mr Yeutter, however, sought to temper the outspoken comments of senators and congressmen after their meeting with Mr Legras.

Mr Lyng detected a change of understating among European farm leaders. He said they now recognised that something needed to be done about farm trade and that the Community could not continue its Common Agricultural Policy without modifying it.

Both Mr Lyng and Mr Yeutter voiced disappointment at the settlement on EC spending on agriculture struck out at the Brussels summit last month.

Italy and France end EC budget opposition

BY WILLIAM DAWKINS IN BRUSSELS

ITALY and France yesterday lifted their potentially damaging political block to the European Community's Ecu 43.4bn (€30m) budget for 1988.

The budget had been delayed for the past 10 days by Italian objections to paying more than expected for the UK budget rebate. France was also opposing attempts to satisfy Rome which it feared might threaten reforms to EC budget contributions.

EC finance ministers yesterday agreed on a compromise whereby the details of how contributions

should be financed, which will be changed radically by last month's EC summit accord on budget and farm reform, will be left until later.

Now the 1988 budget will be passed to the European parliament for a vote at its next session next month. The aim is to finalise it, at another meeting of finance ministers, by the end of May deadline which EC institutions have set themselves.

The dispute arose over how to collect the cash for the UK's budget rebate.



ARAB INTERNATIONAL BANK BALANCE SHEET

June 30, 1987 and 1986 (Expressed in thousands of US dollars)

المصرف العربي الدولي

ASSETS		LIABILITIES AND SHAREHOLDERS' EQUITY			
	1987	1986			
Cash and due from banks	39,003	46,405	Demand deposits	172,988	170,891
Time deposits	955,934	1,333,001	Time deposits	1,542,430	1,770,535
Trading securities	150,000	105,000	Accounts payable and accrued interest	60,427	53,830
Investments:			Proposed dividends	6,000	7,500
Marketable notes and bonds	45,612	50,834	Total liabilities	1,781,845	2,002,756
Equity participations	108,952	95,620	Shareholders' equity:		
Loans and advances, less provision	668,872	556,075	Share capital	150,000	150,000
Accounts receivable and accrued interest	24,334	31,268	Statutory reserve	33,532	32,584
Property and equipment	33,914	28,950	General reserve	60,968	60,916
			Retained earnings	276	897
			Total shareholders' equity	244,776	244,397
	2,026,621	2,247,153	Liabilities under credits, guarantees and acceptances	393,600	504,650
Customers' liabilities under credits, guarantees and acceptances	393,600	504,650			

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EUROPEAN NEWS

Uncertainty over Athens strategy on US bases

BY ANDRIANA IERODIACONU IN ATHENS

A NEW ROUND of talks on the future of the four US military bases in Greece began in Athens yesterday amidst uncertainty over the impact of the recent improvement in Greek-Turkish relations on Athens' negotiating strategy.

The Greek Socialist Government had linked an extension of the bases' tenure to securing US help towards ending Turkey's 14-year occupation of part of Cyprus and in sending of Turkish claims to extended sea and air space rights in the Aegean. The current agreement on the bases' operation expires next December.

Washington had declared its opposition to linking the bases with the Aegean and Cyprus before the start of negotiations. Last month, however, Dr Andreas Papandreu, the Greek Prime Minister, declared that "the triangular relationship whereby Greece has pressured the Americans to pressure Turkey to solve our problems has been historically overtaken by events".

He was speaking three weeks after a landmark meeting with Mr Turgut Ozal, his Turkish counterpart, in which the two leaders struck a "no war" pact and agreed on a series of measures to ease bilateral tensions.



Papandreu: doubts on 'triangular game'

After a second meeting with Mr Ozal in Brussels at the end of last week, Dr Papandreu said that he had not ruled a change in Greece's negotiating strategy in the bases' talks. He said, however, "I do not have the feeling that this triangular game can be as effective as it might have been in the past". This implies that the heart may have gone out of this strategy.

Ecevit quits as leader of left-wing party

MR EULET ECEVIT, a former Turkish Prime Minister and a national hero when he ordered troops into Cyprus in 1974, stepped down yesterday as head of the Democratic Left Party (DLP) but vowed to stay in politics, Reuter reports from Ankara.

"The most challenging decision I have ever made in my political life is resigning from the DLP leadership," the three-time premier told a party congress.

The DLP's fortunes have been declining amid squabbles with the main opposition Social Democratic Populist Party (SHP) which have hurt the image of Turkey's once-powerful left.

"If there are people who think my resignation means abandoning the DLP they are wrong as those who claimed I had abandoned the Republican People's Party (RPP)," Mr Ecevit said.

The DLP, successor to Mr Ecevit's RPP, which was merged with other political groups after an army coup in 1980 ended chaos in which more than 5,000 people were killed.

The DLP, which advocates a Western type of democracy without any restrictions but has no coherent economic policy, failed to win any parliamentary seats in last November's general elections, the most open since the 1980 coup.



Gorbachev: lack of consumer goods is an embarrassment

Soviet move to aid co-operatives

BY CHRISTOPHER BOBINSKI IN MOSCOW

THE SOVIET authorities have published a draft law on co-operatives seeking to guarantee them equal rights with the state sector, freedom from price controls and permission to trade abroad.

More than 2,000 co-operatives employing around 200,000 people have been set up in the Soviet Union since Mr Mikhail Gorbachev eased restrictions on non-state controlled economic activity

beginning in 1986. The sponsors of the law evidently hope that the co-operatives which already function in the service sector will also undertake production of consumer goods, the lack of which is a severe embarrassment to Mr Gorbachev.

The Soviet Union has seen the establishment of co-operative restaurants, medical clinics and beauty salons but the law now seeks to encourage

companies recycling waste and producing industrial goods.

The co-operatives which are jointly owned will be able to issue shares to their members as well as employees.

Under the law the Government will seek to keep profits in line with public policy through taxes rather than direct instructions as has been the case traditionally.

Matched against the vast scale of the Soviet economy

the co-operative movement is small but it has already attracted criticism from conservatives pointing out that profits are too high.

Practice until now has shown that they have been hampered by bureaucratic restrictions.

For reformers, they are designed to prove that a sector independent of central control and working on a profit and loss basis can produce results.

Moscow street fight points to labour problem

REPORTS OF a major street brawl with racial overtones last month in a Moscow suburb have highlighted the social problems presented by the influx of labour into the Soviet capital.

The Saturday night fighting lasted several hours, until the police managed to get the situation under control. It resulted in 18 arrests as well as minor injuries. Now police patrols with dogs are out in the Pechatniki area in South East Moscow to prevent a recurrence.

The clash centred on a workers' hostel housing some 500 youths, mainly from Uzbekistan, who had been recruited as labour for the summer Lenin Komsomol car factory nearby.

Mr Gorbachev's reform policies should in theory force cutbacks in labour as companies become more cost-conscious. In the past, however, industry has sought to

expand through building up its work force rather than through mechanising output. The labour shortage and its attendant problems will be with the Soviet Union for some time to come.

Christopher Bobinski on the problems of the limtchiki, workers drafted into the Soviet capital

ever, they are trapped in hostels, with little chance of other housing, at the mercy of work supervisors. Their work permits can easily be revoked and they would then have to return home.

Other limtchiki leave their jobs to seek better employment and are forced to pay off hostel managers to maintain an uneasy semi-legal foothold in the city.

The Moscow party leadership has sought to stem the influx, pointing out that the city's population, now at almost 8m, is a million greater than had been foreseen by the planners for 1990 with all the attendant strain on welfare facilities.

As early as 1971 Moscow planned to move 837 plants out of the city, but only a few have actually done so. Those remaining have grown, as a factory's pull in the struggle for resources and benefits is all the greater if

its work force is larger than that of its neighbours.

The fight in the Pechatniki district started, as ever, when local youth in a discotheque objected to the Uzbekis dancing with "their" girls. When news of the row reached the hostel the inhabitants streamed out en masse onto the snow-covered open ground for the battle.

Violence as such is not new in Moscow. There were fights when Spartak, the top Moscow football team, played Dynamo from Kiev. Groups sometimes come in from outlying districts to the city proper to "sort out" Moscow youths.

But it is also fairly clear that the people in the flats surrounding the hostel, where several inmates share each room, would prefer that it was inhabited by Europeans rather than Asians.

This explains much about the fight last month.

The limtchiki problem is not only confined to young men. Women, too, lead an uneasy existence in single-sex hostels. Marriage to a Moscow resident is a sure way of securing the right to stay in a city where women outnumber men. Five years' work in the city gives them the right to stay. But there is also the problem of finding housing to escape from the crowded hostels.

Some chose pregnancy outside marriage to try to get a flat more quickly. If they fail, then mother and child stay in the hostel, making conditions all the worse. Otherwise a single woman can only put her name on the housing list after ten years at work. A girl who comes into Moscow to work after finishing school can only hope to get a home of her own in her late thirties, if then.

Main Austrian bank appoints chairman

BY JUDY DEMPSEY IN VIENNA

CREDITANSTALT-BANKVEREIN, Austria's largest bank, yesterday appointed Mr Guido Schmidt-Chiari, deputy chairman since 1981, as chairman of the board.

Mr Hannes Androsch resigned in January as chairman of the board.

The appointment ended weeks of political speculation. The chairmanship of Creditanstalt, of which the Austrian State is majority shareholder, is politically sensitive.

Mr Schmidt-Chiari, 55, who joined Creditanstalt in 1968, takes over the bank as the Socialist-led coalition government is slowly introducing a cautious privatisation of the State-run industries and the banks.

Banking sources say that, in time, this privatisation will reduce political interference so that non-political appointments will be made, and people chosen primarily because of administrative ability rather than through political allegiance.

The chairmen of Austria's other State-owned banks are also political appointees, elected by

their supervisory boards, which have balanced membership representing the conservative People's Party and the Socialist Party, respectively the junior and senior parties in the governing coalition.

Mr Schmidt-Chiari - who is well known in international banking circles, particularly in securities operations and international relations - is regarded by his peers as cautious and sound. His appointment is expected to bring a period of calm to the bank after often critical publicity during Mr Androsch's last few months as chairman.

The latter, a former finance minister and vice-chancellor in the socialist government between 1970 and 1981, resigned from Creditanstalt after a court in Vienna found that he had lied to a Parliamentary Committee in 1980 and 1981 over tax irregularities.

Meanwhile, discussions are continuing in the coalition government over who should have the chairmanship at the Austrian National Bank. Mr Stefan Koren, the chairman, recently died.

Shippers try to beat pirates in Lebanon

BY GEORGE GRAHAM IN PARIS

INTERNATIONAL SHIPPERS are trying to set up a taskforce to combat the rising incidence of cargo theft in Lebanon.

The International Maritime Bureau (IMB), a division of the Paris-based International Chamber of Commerce, is appealing for \$80,000 from private shipping and insurance companies to fund an investigation of Lebanese piracy.

Mr Eric Eilon, director of the IMB, said that the problem of ships "deviating" into Lebanese ports controlled by Christian or Moslem militias was accelerating.

"Since governments can't stop it, it's time for industry to do something," he said.

The IMB said that at least 15 ships, carrying cargoes worth at least \$30m, have been diverted into Lebanese ports while passing through the Mediterranean. Goods ranging from chick peas to

PVC pipes, destined for consignees in other countries, have been fraudulently sold.

Saida, a port south of Tripoli, has featured in a series of vessel deviations, and at least three other small ports in Lebanon are known to receive stolen cargoes, the bureau said.

In a typical case, a ship bound from Ghana to Alexandria put into a Lebanese port in May and sold its entire 1,000-tonne cargo of cocoa beans, worth \$1.6m, to local buyers. The ship owner and the crew, whose whereabouts are unknown, are thought by the IMB to have shared the proceeds.

Cargo owners are finding that insurers refuse to pay out for such losses, on the grounds that the owners did not carry out enough checks on the trustworthiness of the ship owners or operators.

Moscow protesters jailed

BY CHRISTOPHER BOBINSKI IN MOSCOW

SIX participants in a demonstration in Moscow on Sunday calling for the destalinisation of Soviet society have been sentenced for public order offences.

The six were given prison terms ranging from five to 15

days. More than a dozen other demonstrators are due to appear in court tomorrow on similar charges, according to Mr Yuri Mitrova, a member of the Farstravoy 88 group which organised the demonstration.

EC unemployed total rises

THE TOTAL number of unemployed in the 12 European Community countries rose to 16.7m in January - up by 2.6 per cent from December but 2.7 per cent down from the total for January 1987, the EC's statistics office Eurostat said, Reuter reports from Brussels.

It said the increase was due mainly to seasonal factors. It did not give the unemployment rate. The unemployment trend continued downwards in the Netherlands, Belgium and Britain, it added.

Do seat belts restrict your thinking?



Somehow you can't quite imagine Albert Einstein mulling over a mind-bogglingly brilliant concept strapped into a plane with a pre-packed lunch on a plastic tray.

Or Wolfgang Amadeus Mozart composing his Horn Concerto in E flat in a car in a contraflow.

Can you picture a tycoon planning his next take-over whilst overtaking in the rain?

Some forms of transport, it seems, are just not conducive to constructive thought.

Consider an alternative. Consider InterCity.

First Class passengers sit relaxed watching Britain whizz past at up to 125 miles per hour.

They order food and drink from attentive waiters.

Briefcases snap open. Reports, previously rendered incomprehensible by jangling office phones, suddenly make sense.

Someone scribbles figures on a scrap of paper, devising a budget with tax at 20 pence in the pound. (We should be so lucky.)

Someone else attempts to recall Arnold Palmer's 18 best golf holes in the world.

Crosswords are cracked, often in record time.

A brilliant response to Karpov's latest opening gambit comes like a bolt from the blue.

People catch up on their reading, go for a stroll or formulate strategies. They arrive feeling fresh, relaxed, more alert.

Their minds have been stimulated, sometimes by doing nothing.

Makes you think, doesn't it?



FINANCIAL TIMES Published by the Financial Times (Europe) Ltd, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClain, C.I.E. Deane, M.C. Goss, D.E.P. Palmer, London. Printer: Frankfurt Societats-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bankers House, Cannon Street, London EC4A 3DF. © The Financial Times Ltd, 1988. FINANCIAL TIMES, USPS No 106648, published daily except Sundays and holidays. US subscription rates \$365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

AMERICAN NEWS

Lionel Barber reports on Cuban Americans' successful attempts to flex their political muscles

Bush basks in Reagan's reflected glory in Miami

MR Jorge Mas Canosa is Mr Cuba-America in Miami. A businessman by vocation, he is also the leading voice for the Hispanic community in the city...

Cuban-Americans are one of the US postwar success stories.

Cuban-Americans arrived in Miami some 25 years ago as political refugees from the Castro regime...

The lucky beneficiary will be Vice President George Bush. This illustrates a key point about today's Super Tuesday elections...

As President, Mr Reagan recognised what remains the paramount political issue among the 700,000 Cuban expatriate community in Miami: the future of Cuba...

However, subtle shifts are occurring in this bastion of anti-Communism. Mr Charles Canady, a veteran campaigner who has served Senator Chiles for 18 years...

In 1985, Miami elected its first Cuban-American mayor, Mr Xavier Suarez. In a weak-majority system like Miami and Dade County...

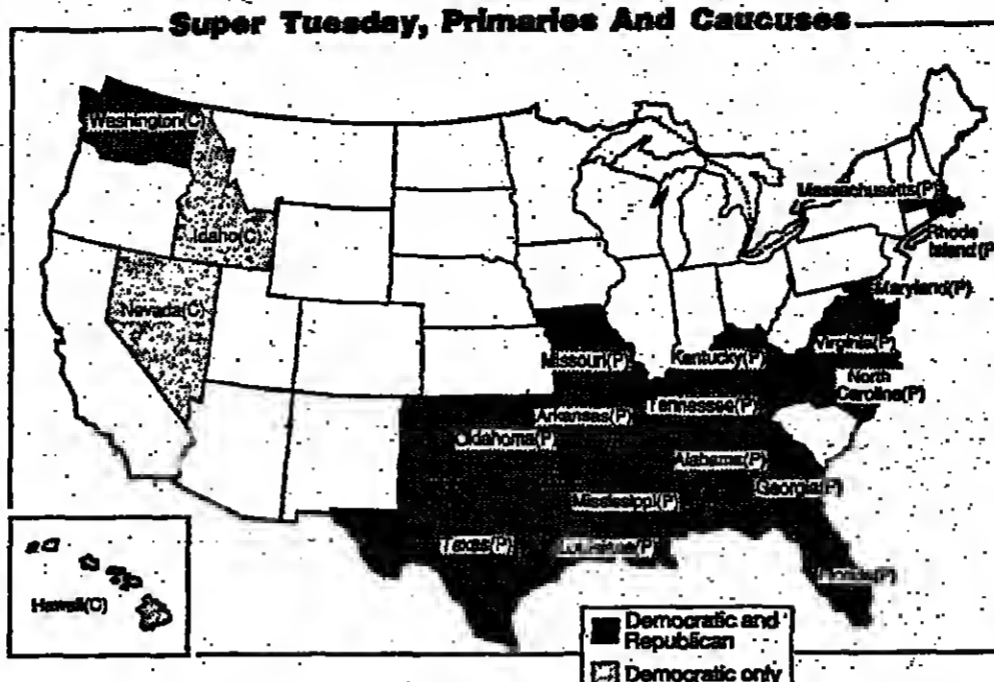
LBA were targeting politicians with campaign contributions to further their economic goals...

Other recent demonstrations of Cuban political clout include the torpedoing of a fellow Hispanic lawmaker's proposal to repeal a local English language-only law...

Some have likened the Cuban strategy to that used by the Boston Irish at the turn of the 19th century who banded together at the bottom of the political machine...

UNLIKE Florida's wealthy and entrepreneurial Cuban Hispanics, the Hispanic vote in Texas is overwhelmingly Democratic and the main Democratic candidates have been pursuing it with determination...

SOUTH TEXAS is one of the poorest regions of the US, a region in which thousands of Mexican immigrants, legal and illegal...



DEMOCRATIC CANDIDATES PURSUE TEXAS HISPANIC VOTE WITH DETERMINATION

UNLIKE Florida's wealthy and entrepreneurial Cuban Hispanics, the Hispanic vote in Texas is overwhelmingly Democratic...

Gov. Michael Dukakis in particular has regularly spoken to Hispanic voters, making the most of his fluency in Spanish and sharply challenging the Administration's policies in Central America...

is very much the ethnic politician from the multi-ethnic state of New York speaking. In order to be competitive in the next century, America must reach the whole nation to think for a living...

Dukakis machine cuts swathe in North Carolina

BY NANCY DUNNE

ON THE county fairgrounds, in a large hall pungent with the smell of barbecue, the Old South unexpectedly clasped to its xenophobic bosom a Yankee vice President - Governor Michael Dukakis of Massachusetts...

Gov. Michael Dukakis, as ever the personless but genial technician, played the crowd skillfully. A few self-deprecating jokes were followed by a promise of jobs with good wages and a promise to 'make America number one again'...

campaign office until nine days before the primary, and his advertising was not due to start until just a few days later. In no way can Mr Gephardt match the resources Mr Dukakis has thrown into the state...

Gore of neighbouring Tennessee provokes little recognition among the uninterested electorate, although his 30-second television commercials have been running for several days...

Even among the more politically aware, the Senator seems to have been hurt by his poor showings in the Iowa caucuses and the New Hampshire primary...

Both are coastal states with mountains in the west and beaches to the east, where environmental concerns have produced the central section of North Carolina, the Piedmont...

Cuomo's stirring song is music to many US ears

EVER SINCE Mr Paul Kirk, the Democratic Party chairman, rapped him over the knuckles late last year for stealing the limelight from the party's presidential candidates, Governor Mario Cuomo of New York has reduced his public speaking engagements and kept a comparatively low profile...



Will Cuomo run? It's all in the mind, so far at least

Indeed, until his surprise declaration of non-candidacy on a radio talk show just over a year ago, most observers reckoned he would be in the thick of the race this spring...

and, judging from his performance at Trinity College, Mr Cuomo himself, at least, toys with the prospect. In particular, he shows no reluctance about trying to establish himself as the Democrat with the most comprehensive vision of where the party ought to be leading...

speech in which he had begun to paint a disturbing picture of an America "sliding towards perilous waters". He pulled a sheet from the bottom of the pile. "For a candidate I have another speech here. This one says everything in America is terrific, give me a shot and I'll make it better."

Reagan ideologues have neglected. On yes, he suggested, taking aim at a painless idea for tackling the problem put forward by Governor Michael Dukakis of Massachusetts...

Beyond these barbed asides, Mr Cuomo's case is similar to the theme of his speech to the San Francisco convention four years ago. America, he says, needs to conclude a new social contract, to begin to realise "the daring promises of the Declaration of Independence... opening ever wider the circle of opportunity, and reversing the process by which "our relative position in the world has begun to diminish."

Gov. Michael Dukakis in particular has regularly spoken to Hispanic voters, making the most of his fluency in Spanish and sharply challenging the Administration's policies in Central America...

Gov. Michael Dukakis had long ago picked up these vibrations, although he, too, may have been surprised by how strongly they are now resonating through society. He continues to insist that the Democratic presidential candidates are as good a field of candidates as he has seen and that ultimately one will acquire the patina of charisma which proximity to the White House bestows...

Autolatina nears victory on prices over Brasilia

BY IVO DAWNAY IN RIO DE JANEIRO

AUTOLATINA, the Brazilian holding company for Ford and Volkswagen, is in sight of victory in its battle for the right to set its own prices for cars and trucks...

US pressure on Panama canal tolls

By Kevin Brown, Transport Correspondent

THE PANAMA Canal Commission will decide later this week whether to stop accepting toll payments drawn on local banks, a senior official said yesterday...

Peru to introduce tough economic policy

BY BARBARA DURR IN LIMA

THE PERUVIAN government is poised to introduce a tough economic adjustment programme, abandoning the economic strategy it has followed since July 1985...

Exports are to receive 65 cents and imports will be 90 cents, except for basic foodstuffs and medicines and certain industrial imports, particularly for export industries...



Garcia: to unveil policy

Peru's inflation rate has been heading for 200 per cent, registering 12.8 per cent in January and 11.8 per cent in February. Mr Carbonetto estimated that under these measures inflation in March could rise to as much as 40 per cent...

The Government is attempting to protect the poorest sectors of the population and place the burden of adjustment on the middle class. This, according to the president's adviser, is "heterodox within orthodoxy" and, therefore, he added, "will probably be accepted of popular opinion."

SHANGRI-LA INTERNATIONAL IN SINGAPORE WHERE ELSE BUT THE SHANGRI-LA One of the world's best hotels. Shangri-La hotel

THE GOVERNMENT of President Joaquin Balaguer of the Dominican Republic will this week face its sternest test since taking office a year and half ago. The President has called out the military in an effort to quell three weeks of strikes and violent anti-government protests over rising prices and low wages...

Canute James reports on the sternest test of President Balaguer's power

Dominican Republic erupts in violence

poverty, unemployment, health, low wages, poor power and water supplies, corruption and high food prices. The current protests in the Caribbean nation of 8m people began with a complaint from small farmers in Sanchez Ramirez province in centre of the country, that the state-owned Rosario Dominicana gold mine was contaminating rivers, lakes and the atmosphere with cyanide and sulphur...

business places were burnt and looted. The protests have been more violent in the Santiago de los Caballeros, the second-largest city, and in the poorer sections of Santo Domingo. Armed gangs have been forcing businesses to stay closed. Seven people have been killed in the disturbances, while many more have been injured and hundreds arrested...

to increase the national minimum wage by 25 per cent and the wages of public and private sector workers by a third. Central to the protests has been the rising cost of living, particularly for food, with inflation last year at 35 per cent after 10 per cent in 1986. Government officials point to economic growth of 9.8 per cent last year, following 1.3 per cent in 1986. The growth has been fuelled by expansion in tourism and new investments in light industrial free zones, and a substantial public works programme implemented by the Government...

world prices and a progressive reduction of the country's quota on the US market. The country has a foreign debt of \$4bn on which the Government is making infrequent payments on interest, having suspended payments on principal. Government officials have said that if the suspension were to be lifted the country would have to tolerate a debt service ratio of 70 per cent. President Balaguer's promise to crush the protests with armed force, while at the same time conceding some legitimacy to the strikers' arguments by agreeing to increase wages, will cause him some political damage.

OVERSEAS NEWS

Pakistan fights hard for Kabul interim coalition

BY WILLIAM DULLFORCE IN GENEVA

PAKISTAN was still fighting for a compromise over the crucial issue of an interim coalition government when negotiations resumed here yesterday on the withdrawal of 115,000 Soviet troops from Afghanistan.

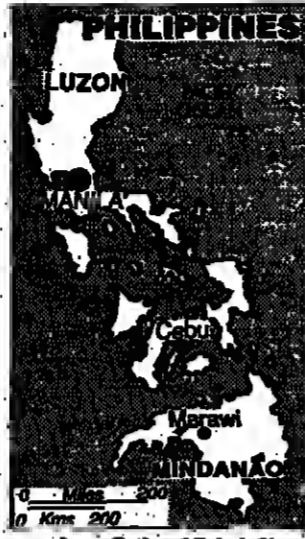
Islamabad at the weekend. There he attended talks between the Government and opposition parties aimed at achieving a national consensus on Afghanistan.

Most opposition leaders had reportedly urged the Government to sign the agreement, which was almost completed in Geneva last week, under which Soviet forces would start pulling out 60 days after signature.

The Soviet Union, the US and the present Communist regime in Kabul have refused to make agreement on the pullout conditional on the formation of a coalition government. Their position is that a new government can only be decided on by the Afghans themselves after the Soviet forces have left or during their withdrawal.

Islamic fundamentalism makes its mark in Philippines

Richard Gourlay on an Imam's controversial foray into local politics



IN A REMOTE Moslem corner of the southern Philippines, teachers of Islam have made a controversial foray into party politics by winning office in the recent local elections.

The move has not only disturbed the small Christian minority and the traditional lay Moslem politicians. It is also threatening to provide a more fundamentalist foundation for Moslem insurgents who have been sporadically fighting for independence or autonomy for 15 years.

Dr Mahid Muttilan, the founder of the Ompia (Reform) party was causing waves in Marawi City, in backward Lanao del Sur province, even before he beat the administration's candidate last month to become the Mayor. He set up the poorly funded party less than two years ago with hundreds of fellow Imams from mosques throughout the province and some key Moslems.

For the minority Christians in the city, the Ompia party looks like tip of an Islamic Fundamentalist iceberg. Behind the self-fencing mildness of its front-men are more fervent figures who may undermine religious toler-

ance, fears Father Michel Gligora, a priest who has maintained a tenuous toe-hold for the Catholic church in the city for more than a decade.

Traditional Moslem politicians on the other hand, perhaps sensing their days were numbered, say the Ompia party is demagoguing the office of Imam, and have told voters that the Koran outlawed party politics.

For Dr Muttilan, however, Marawi City's lack of telephones, street lighting, and drinking water, its potholed roads and neglected schools are testimony to the corruption of the traditional politicians he has now started to unseat. "We are almost in a medieval age," he says. "We are a place forgotten by time."

Only participation in politics by the Imams could remove the corrupt politicians who buy votes - up to \$50 a vote at the January polls - and then occupy the coast, and much more, from public funds when in office, Dr Muttilan says.

Although he holds a degree from Alhazrat Islamic University in Cairo, Mr Muttilan plays down any Islamic fundamentalist ambitions and says he does not want to introduce Shariah law. His idea is to run an administration "influenced" by Islamic law while respecting the Philippine consti-

tution. "We are trying to reform the exercise of politics here," he said.

Apart from bringing a whiff of integrity to an area kept on its knees by morally bankrupt officials, he is also likely to be a strong advocate for the Moslems. At seven per cent of the population, they make up the country's largest and most turbulent minority.

For the moment, Dr Muttilan has carefully distanced himself from the three rebel groups which have been at the forefront of the Moslem insurgency since about 50,000 people died in the early 1970's at the height of the fighting.

A shaky ceasefire has largely been observed since January 1987. A committee made up of Moslems and Christians is drafting legislation for autonomy in Mindanao that is called for in the new constitution.

However, the largest rebel group, the Moro National Liberation Front, is growing increasingly edgy. A referendum required by the constitution, will

probably only approve autonomy for the six provinces where there is a Moslem majority. This is a far cry from the 20 provinces initially described as the "Moro homelands," or the 13 provinces that former President Ferdinand Marcos agreed to make autonomous.

With the Moslem insurgency rumbling like a semi-dormant volcano in the background, the election of a mayor who actually sounds as if he might do something for his constituents takes on a greater significance.

The Moslems could never prosper while local politicians had their fingers in the till in collusion with Manila. For this Dr Muttilan and many others blame Sultan Ali Dimaporo, a loyal Marcos henchman and the appointed governor of Lanao del Sur for ten years.

During Dimaporo's term, non-existent populations sprang out of nowhere - because Manila allocated cement by village. During his term, Manila disbursed enough money to cement three roads around the picturesque

Lanao lake but the old dirt tracks remain undisturbed. In addition, Sultan Dimaporo raided the local university's budget to build a private army called the "Baracudas", his political enemies claim.

Mr Dimaporo denies these charges, saying the funds were pilfered before they got to Marawi. But Dr Muttilan maintains that if this is true, it could only have happened if Mr Dimaporo was in cahoots with officials in Manila. Most of them did not audit payments and were not prompted to do so by Marcos's local henchman.

Dr Muttilan is unlikely to give Manila such a smooth ride. The anti-corruption drive that made him mayor in a forgotten town of 80,000 people is tinged by concern for the four million Moslem Filipinos, whose demands he says continue to be ignored in Manila. His zeal is backed up by an implied threat.

"If we cannot get our political rights by political struggle then what can we do?" Dr Muttilan says when asked if he supports the MNLF's fight. "Now we are experimenting with political struggle."

Pretoria expels neo-Nazi police

By Anthony Robinson in Johannesburg

PRETORIA has given its first slap on the wrist to the neo-Nazi Afrikaner Weerstandsbeweging by expelling seven known AWB members from the Northern Transvaal police reserve.

The move follows years of ignoring the extreme right-wing views of both regular and reserve policemen. This has been most marked in strategic areas such as the Northern Transvaal where farming communities are intimately tied in with the overall security network protecting farms in the Zimbabwe and Botswana border areas.

Despite the formal ban on members of radical political organisations belonging to the security forces the Government has seldom expelled extreme right-wing policemen. This reticence even extended to ignoring several instances where the police failed to take effective action even when uniformed AWB bullies broke up the political meetings of Cabinet ministers, such as Mr Fik Rothe, the Foreign Minister or Mr F.W. de Klerk, the Transvaal leader.

Chinese consultancy launched

BY ROBERT THOMSON IN PEKING

THE Peking Centre of Personnel Evaluation - China's first private firm of management consultants which is run by psychologists and sociologists earning a few yuan in their spare time - has won two commissions during its first week.

The Government wants assistance in drafting selection procedures for the civil service, while a coal mine in Shandong wants its cadre promotion systems overhauled.

Professor Xu Liancong - secretary-general of the Chinese Psychological Society when not a management consultant - admits that assessing officials purely on their work skills is a touchy matter in a society that had previously thought it better to be well-read than well-read.

"It is still very sensitive. That is why psychology and sociology suffered during the Cultural Revolution, and even before that. It was thought to be a sign of bourgeois ideology," Professor Xu said.

The concept of a professional consultant is difficult for many Chinese officials to grasp. The firm's managers point out that the word client has a negative connotation in Chinese and tends

to mean a patient. Conscious of the stigma, the Peking Centre of Personnel Evaluation has customers not clients.

In all, about 80 academics have agreed to work part-time for the centre, which has a research and administrative staff of 20 and no government subsidies. Professor Xu explained that the lack of government funding means that "we have the right to choose our own projects".

"We are interested in giving assistance to factories and businesses to help them organise personnel management," said the professor.

Just as China's Communist Party reckons that is in the "primary stage of socialism," the professor and Xu Xiaogang, the centre's director, consider that the country is in the primary stage of management, and must master Western techniques before it can consider using Japanese management techniques.

Both academics consider the Japanese methods to be more sophisticated than competitive notions of the West because "they pay more attention to the human factor," but suggest that traditional Chinese ideas are

even more sophisticated because of their emphasis on harmony.

Professor Xu said China could ultimately reap the benefits of Taoist thinking, which represents man management theory at its most pure: "It will come the full circle. Japan has had a competitive stage. We have to learn from the West and then the Japanese and perhaps then we can surpass the Japanese."

He noted that Japanese management experts are fascinated by traditional Chinese works, particularly, a classical text on strategy, The Art of War, a portrait of Christ during the warring states period, The Romance of the Three Kingdoms and a collection of Taoist texts.

Professor Xu said the most difficult problem to overcome in Chinese factories is the concept of the "big iron pot" which guarantees all workers and managers equal shares regardless of performance. While economic reform aims to institute a new order, the memory lingers: "People can't decide where they can work. The situation has started to change but if you belong to a work unit for a lifetime and everything is fixed."

Arab tax collectors of Gaza expected to resign

BY ANDREW WHITLEY IN JERUSALEM

THE Arab tax collectors of Gaza were due to resign en masse yesterday from the Israeli military-run Civil Administration for the occupied territories, in a move which could portend a significant phase in the three-month uprising.

Calls by local Palestinian leaders for civil disobedience have until now evoked a lukewarm response from a population heavily dependent on Israeli goods, services and employment. Consumer boycotts have had patchy results, although there have been a few signs of switching to locally made products where possible.

Nearly all the 18,000 Arab employees of the Civil Administration have continued to show up for work most days, according to government spokesmen; but this excludes the 11,000 teachers whose schools have been closed.

Mr Shmuel Goren, the administration's head, insisted on Sunday that despite threats to his employees the organisation was still functioning. But if the 40 members of Gaza's Income and Property Tax Department carry out their threat - first reported in yesterday's Jerusalem Post -

a snowball could soon develop, halting what remains of normal life in the occupied territories.

A clandestine radio station widely listened to in the West Bank and Gaza Strip has repeatedly urged local Arab policemen to resign from the force, giving them a six-month deadline to comply. Few have gone so far but a prudent number are known to be staying at home, out of the way.

There was no one at the army or the Civil Administration yesterday who could confirm whether the taxmen of Gaza had indeed downed the tools of their trade, as threatened. But the Jerusalem Post said that 28 of the 40 had presented a joint letter of resignation to their Israeli superiors on Sunday night, to take effect today.

No precise figures are available on the amount of lost revenue which could be at stake. But, according to a report published by a reliable Israeli research organisation, the West Bank Data Base Project, Israel collects more from the 650,000 residents of the strip in taxes than it gives back in the form of community services.

Gulf war missile barrage upsets Soviet-Iran ties

BY OUR MIDDLE EAST STAFF

STRAINED relations between the Soviet Union and Iran resulting from the Iraq missile barrage on Tehran could jolt Moscow into coming out in favour of an arms embargo against the Islamic Republic, Western diplomats believe.

Moscow yesterday protested that demonstrations outside its embassy in Tehran on Sunday had threatened the life of its diplomatic personnel. Tass news agency reported. For the second time it denied responsibility for the supply of the weapons, nearly 40 of which have hit the Iranian capital in the past week.

Several students who climbed over the wall of the embassy compound were quickly evicted in an incident which, nevertheless, evoked memories of the seizure of the US embassy in 1979. Amid clear indications that the Iranian leadership had been


shaken by the blitz, which has led to an exodus of people from Tehran, Mr Mohammed Javed Larjani, the Deputy Foreign Minister, said on Sunday: "Any missile bomb given to the tottering regime of Iraq by the Soviet Union will first hit Tehran-Moscow relations before hitting Iranian soil."

Despite Soviet denials, military analysts still believe that they are Soviet manufactured Skud Bs boosted by "strag-on" rockets giving them the range to reach Tehran. It is 290 miles from the front compared with the weapon's normal range of 190 miles.

Enhancing their capability would be a comparatively simple operation that the Iraqis could probably undertake themselves although the rockets might have been supplied by North Korea, they say.

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WORLD TRADE NEWS

US car groups in bid to boost sales in Europe

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

THIS three leading US automotive groups, General Motors, Ford and Chrysler, are mounting an effort to increase car exports to Europe. The drive is being led by Chrysler, largely absent from the European car market since it sold its European car manufacturing operations to Peugeot.

By the end of this year, Chrysler will have a distribution network in central Europe and Scandinavia comprising 335 dealers.

Mr Mike Hammes, vice-president, international operations, Chrysler Motors, said the group was initially aiming to sell 5,000-10,000 cars and 10,000-20,000 Jeeps annually in Europe.

General Motors, which last year sold 5,483 US vehicles in Europe, plans to double sales this year to more than 10,000 vehicles and to 20,000 in 1989.

Resumption of exports to Europe has been boosted by the dollar's decline, but Mr Hammes said this was not the fundamental issue. "Our objective is to be the number one US exporter of vehicles to Europe."

The push should lift Chrysler export revenues from \$500m in 1987 to \$800m this year, of which some 80-85 per cent would be

accounted for by vehicle sales to Europe, and to \$1bn in 1989.

Chrysler is launching its cars in West Germany, the Netherlands, and Austria in mid-April and in Switzerland in mid-May. Sales have been launched in Belgium and Luxembourg. The group is returning to the French car market this year, and has appointed Sonauto, the Porsche-owned French distributor, as its importer. Chrysler is already selling light commercial vehicles in Scandinavia.

Chrysler's presence in Europe has been enhanced by its takeover last year of American Motors, which includes its Jeep subsidiary, from Renault. Chrysler is combining distribution of its Jeep sports utility vehicles with its car range everywhere in Europe except France and Italy.

The company will have an aggressive pricing structure in Europe. Its equivalent models will be selling at 89 per cent of the BMW competitor and 99 per cent of the Renault. It is aiming for sales of 10,000 cars and 20,000 Jeeps in 1989.

Ford has just re-entered the Swiss and Swedish markets with US vehicles

Carla Rapoport writes about the outstanding problems and unfinished business between trading partners 'Opportunity Japan' a heady boost for UK companies

WHAT A DIFFERENCE a year makes. Last April, Mr Michael Howard, then the UK Minister for Consumer Affairs, was storming around Tokyo, threatening sanctions if Japan did not give way on a host of pressing trade issues.

On Thursday, Lord Young, the Trade and Industry Secretary, arrives in Japan with a clutch of top British industrialists to kick off a government campaign called "Opportunity Japan." The UK may still be running a huge trade deficit with Japan, but this is no longer seen as a problem in Whitehall.

This year, Japan has become a business opportunity, not a political football.

A year ago, Mrs Margaret Thatcher and her cabinet were furious about a number of major problems concerning Japan. These included Japan's unfair taxation on Scotch whisky, its refusal to grant more seats for foreigners on the Tokyo Stock Exchange, its large trade deficit with the UK and its refusal to approve Cable and Wireless' stake to a new international telecommunications company in Tokyo.

Mr Howard received no direct satisfaction during his well-reported trip last year. But in December, Japan agreed to allow 16 more foreigners on to the Tokyo Stock Exchange, including four UK companies. Also last

year, it caved in on the Cable and Wireless issue - a particularly sweet success for C&W executives and UK diplomats in Tokyo who had worked tirelessly on the matter for months.

Despite these victories, government officials in Tokyo admit that there is still much unfinished business between Japan and the UK on trade matters. For example, Japan's timetable on dismantling the tax laws on spirits remains woolly. At the same time, the trade deficit between the two countries is still growing.

But mainly because of Japan's large and growing direct investments in Britain, the British government has decided to bury the hatchet. Ministers accept that Britain's relations with Japan can no longer resemble a ping-pong match. The only loser in such a game would be Britain, in terms of jobs and factories that would probably go elsewhere.

As a result, the Department of Trade and Industry (DTI) now carefully points out that the \$22m expansion in the trade deficit between the UK and Japan last year was the smallest increase since 1980. The trade deficit was admittedly close to \$4m, but British exports to Japan, they report, grew by 25 per cent last year to \$1.5bn. UK exports to its major trading partners grew faster only in Portugal and Saudi



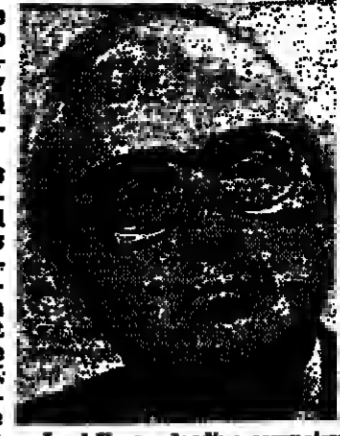
Arabia, according to a press release from the DTI.

Thanks to the year's appreciation and the more accommodating stance of the Japanese, the UK Government now believes the time is ripe for increasing exports to Japan. "On the one hand, the market is much more open. But, on the other, you have Japanese companies scouring the world for suitable products to use, both as components in local manufacturing and in third country markets," says Mr Neville Guest, commercial counsellor of the UK embassy in Tokyo.

"Japan is now genuinely accessible for both consumer and industrial products. The year's revaluation has made exports

less profitable than before for the Japanese. They are turning to imports to make themselves competitive, or to make more money in the retail sector as imported goods offer higher profit margins."

So far, Japanese consumers have not protested about the consistently high prices for imported goods in the wake of the yen's appreciation. As a result, importers and retailers are eagerly reaping the benefit of the high yen in the form of higher margins. At the same time, UK companies are enjoying increased sales. UK products which have been benefiting from this trend include Harrod's jeans and tees, Crabtree and Evelyn toiletries and Laura Ashley clothing, to name a few.



Lord Young, leading campaign adviser of BFT Electronics. Rediffusion is the leading supplier of this equipment in Japan. Its agent in Tokyo, Fujitsu Corp, however, says that more opportunities now exist for UK companies in the defence arena, as Japan is increasing its defence spending.

"Currently, it is mainly US companies that are supplying Japan's Defence Agency. We're interested in UK defence products," said Mr T. Tazuki, general manager, marketing, of Fujitsu Corp.

The calming of trade tensions between the UK and Japan also provides a boost for UK companies in Japan. The US, for example,

is still fighting Tokyo on a number of trade issues, including the imports of rice, beef and oranges and demands for increased access to Japan's semiconductor market and public works projects. As far as many Japanese are concerned, these battles weaken the image of US companies in Japan and make them look dependent on their government for business.

Britain has chosen to adopt a lower profile on these issues, including the public works dispute, which erupted over the conclusion of foreign contractors from the first stage Kansai airport project in Osaka. "We look at this construction issue in a slightly different way. The development of Japanese infrastructure, which will absorb trillions and trillions of yen over the next 15 years, will offer great opportunities for UK companies," says Mr Guest.

He says that 12 British companies are currently pursuing contracts for the second stage of the Kansai airport project. "They much prefer to pursue the matter as a business opportunity, not a political issue," says Mr Guest.

This week, along with some of Britain's leading industrialists, Lord Young will press home this point to his Japanese counterparts. After last year's fireworks, his reception in Japan is guaranteed to be a warm one.

EC sets dumping duties on Japanese typewriters

FOUR Japanese-owned electronic typewriter makers based in the UK and France should pay anti-dumping duties of between Ecu22 (£15) and Ecu56 per machine, the European Commission proposed yesterday, William Dawkins reports from Brussels.

The ruling is the first under a controversial new European Community trade law adopted last year. It extends anti-dumping duties from imports of fully assembled products to products put together inside the EC using a high proportion of dumped components.

If the fines are accepted by member-states, they will hit Canon's plant in Brittany, France, which would pay Ecu44 per unit produced, Matsushita in Wrexham, UK, with Ecu49.94 per machine, Sharp in Wrexham with

Philips and China in joint optical fibre venture

PHILIPS, the Dutch electronics giant, and the Chinese government have set up a F1 72m (£21.8m) joint venture to manufacture optical fibre and optical cable.

Part of the investment will be financed by the Chinese and Dutch governments although yesterday Philips declined to say how much.

The Hague will provide a concessional loan under the contract signed in Peking last weekend. A majority of the factory's output will be used domestically in a telecommunications project along the Yangtze River linking the cities of Wuhan, Nanjing and Chongqing. The rest of the 50,000 kilometres of optical fibre and 4,500 kilometres of optical cable produced each year would be exported.

Philips declined to say what it

US groups vie to win Swiss air contract

GENERAL Dynamics and McDonnell-Douglas of the US are the two surviving competitors in the race to win a \$2.1bn (£1.16bn) contract from the Swiss army for 40 interceptor fighter aircraft, the Swiss defence ministry announced yesterday, AP reports from Bern.

Mr Arnold Koller, Swiss Defence Minister, said the government had decided to limit the final "evaluation" to General Dynamics' F-16C Falcon and McDonnell-Douglas' F-16C Hornet.

The government would make its final choice before the end of the year. The European competitors, France's Mirage 2000 and Sweden's Gripen 3900, were no longer in the running. Swiss had had dropped them because both systems were not fully developed.

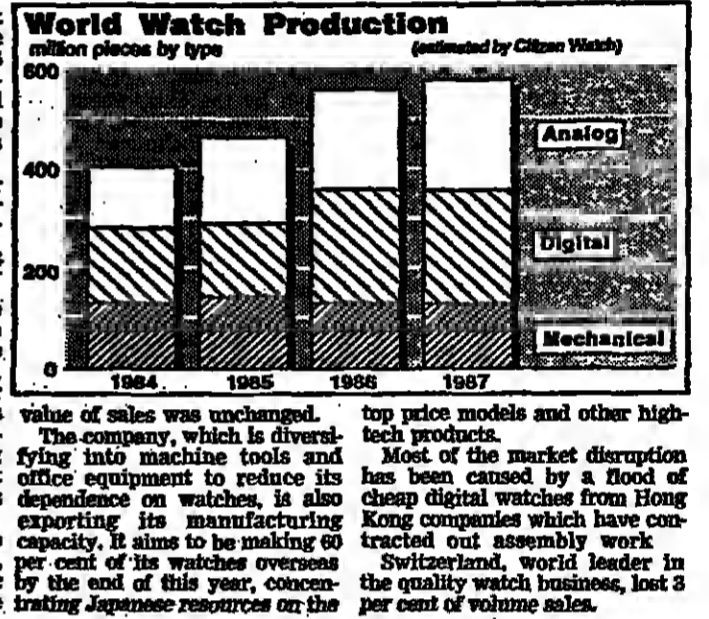
Watch industry loses spring

THE WORLD watch industry lost momentum last year as the effects of overproduction in 1986 took their toll and Japanese manufacturing growth was stunted by the rise of the yen against the US dollar, Christopher Parkes writes.

Global output rose only 3 per cent to 575m units after a 20 per cent increase in 1986 and a 13 per cent rise the previous year, according to Citizen Watch of Japan.

Japanese production fell in the first half, but recovered later to show a net 1 per cent volume increase for the year. However, the value of output fell 19 per cent to Y345.5bn (£1.05bn) as manufacturers switched production overseas to Taiwan, Hong Kong and elsewhere in an effort to reduce the impact of the yen's appreciation.

Citizen, which claims to be the world's biggest watch company, ahead of Seiko, increased volume production 12 per cent, but the



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GEORGIA
The International State

Thatcher favours inner city role for private sector

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT yesterday unveiled its plans for regenerating Britain's inner cities. The action endorses the pledge given by Mrs Margaret Thatcher at the last general election that inner-city revival would be given priority in her third term.

Strong emphasis is placed on the need for greater private-sector involvement and investment to boost the £3bn a year money which Mrs Thatcher said yesterday is being devoted to a "major attack on the host of problems covered by the inner cities label."

The proposals are based on a 32-page colour booklet setting out measures for giving the inner cities "a chance to share in the nation's prosperity" and not, as had originally been expected, in a White Paper (policy document).

Mr Bryan Gould, Labour trade and industry spokesman, denounced the programme as a "tawdry exercise which offered virtually no new money, no new proposals and no involvement of local communities."

Ministers accept that there is little new money attached to yesterday's announcement but emphasise the scale of existing public spending in the inner cities. Mrs Thatcher said that if the money going in this would be a recipe for "extravagance and bad management."

Some specific proposals were mentioned, however. A new Urban Development Corporation is being established in the Lower Don Valley, Sheffield, with a £50m budget over seven years. The Merseyside Development Corporation is being doubled in size.

City Action Teams are being established in Leeds and Nottingham to co-ordinate Government support for enterprise initiatives. Urban Development Grants and Urban Regeneration Grants will be replaced from May 1988 by a simplified City Grant.

Public authorities will be required to publish information about land which they own as part of a Government drive to bring unused and underused land on to the market.

Safe Cities, a new Home Office initiative to reduce the high crime rate in many inner city locations, will be introduced in 20 areas over the next three years with £2.2m Government support in the first year.

Renault trucks plant votes to end strike

By Charles Leadbeater, Labour Correspondent

PRODUCTION workers at Renault's Dunstable truck plant north of London are expected to return to work this morning, ending a 13-day strike, after they voted yesterday to accept an improved pay offer, which includes a 33-hour working week, the lowest in the motor industry for manual workers.

The move came as white collar unions at Ford announced that supervisors, engineers and clerical staff had voted to accept a two-year pay offer worth at least 14 per cent over two years.

The Renault strike started over what the company had called its final offer, a one-year agreement with an increase in basic rates of 6 per cent and a two-hour reduction in the working week from 40 hours.

However, at talks last Friday the company agreed to raise its pay offer to 7 per cent.

It also offered to pay workers a lump sum to compensate them for a delay in introducing the shorter working week.

The weekly wage of the average assembler will rise from £135.67 to £143.17 a week.

The pay strike that has halted all production at Land Rover's Birmingham plant entered its third week yesterday.

Treasury shifts the goal posts

Philip Stephens sees the pound soar through the DM3.00 ceiling

Sterling policy has changed - though more as a reaction to the markets than as part of a carefully planned Whitehall strategy

GOVERNMENT policy towards sterling was unchanged, the Treasury said yesterday as the pound soared through the DM3.00 ceiling which Mr Nigel Lawson, the Chancellor of the Exchequer, defended for most of the past year.

Apparently the Treasury was not joking, but observers could be forgiven more than a wry smile. Only last Friday the Treasury had told the Bank of England to buy around £1bn worth of foreign currency to keep sterling under DM3.00.

Ironically, at a meeting on the same day between Mrs Margaret Thatcher, the Prime Minister, Mr Lawson, and Mr Robin Leigh-Pemberton, Governor of the Bank of England, it was decided that intervention on that scale was not sustainable. If substantial upward pressure re-emerged, then the pound would be allowed to appreciate.

So policy has changed - though more as a reaction to the markets than as part of a carefully-planned strategy in Whitehall. As foreign funds continued to pour into sterling yesterday morning, it was decided that the potential cost of preserving the ceiling outweighed the benefits.

With Mr Lawson's budget just a week away, the risk was that further efforts to hold sterling down would undermine the credibility of the Government's anti-inflation commitment.

A cut in interest rates - the alternative way to make the

pound less attractive to investors - was seen as still a dangerous given the inflationary potential of the present rapid growth rate of demand and credit in the economy.

Either course might have threatened an unfavourable reception from financial markets to the sizeable cuts in the basic and higher rates of tax planned for the budget.

The Treasury, of course, could claim that it has never publicly stated that DM3.00 was a firm upper limit for the pound.

That, however, is sophistry. The Bank has accumulated more than \$20bn in foreign exchange reserves over the past year and it is no coincidence that most of that intervention took place during periods when the pound had threatened to breach DM3.00.

The Bank has been uncomfortable for some time with Mr Lawson's commitment to the unofficial ceiling, so has Mrs Thatcher, though for somewhat different reasons.

The argument for its establishment - around the time of last February's Louvre accord among the Group of Seven industrial nations - was that it would provide a stable framework for industry. Businessmen could make decisions on output and

investment in the knowledge that sterling would be kept within a relatively tight range against the D-mark.

The policy was also designed to be symmetrical, with the Treasury setting an undisclosed floor as well as a ceiling for the Sterling/D-mark rate. Businessmen could not expect the Government to "accommodate" excessive pay awards by devaluing the pound.

Mrs Thatcher would not allow Mr Lawson to take sterling into the European Monetary System's exchange rate mechanism so the next best thing was to effectively shadow the EMS. However, the floor, initially around DM2.80 and later closer to DM2.90, has yet to be tested.

Since last summer, the pound has not fallen below DM2.95 and for much of the time had been nudging DM3.00. Last month's rise in interest rates to 9 per cent intensified the upward pressure.

Investors have ignored the medium-term implications of Britain's worsening trade deficit, and focused instead on the short-term profits available from the large interest-rate differential in sterling's favour - between the pound and D-mark.

The result has been to remove the authorities' flexibility over interest rates at a time when the

Bank has appeared increasingly concerned with the need to tighten monetary policy.

Almost all the economic indicators - from retail sales to the trade and money supply figures - have suggested that the economy escaped practically unscathed from last October's stock markets' crash.

In parallel, the coincidence of rising pay awards and an expected downturn in the pace of productivity gains have pointed a possible resurgence of inflationary pressures later in the year.

As long as the DM3.00 ceiling was in place, however, the authorities could not respond to such domestic pressures with higher interest rates or by allowing the pound to appreciate.

Mrs Thatcher, meanwhile, has acquiesced in rather than supported the policy of shadowing the EMS. Her instinct is to retain flexibility in policy towards the exchange rate. At the same time she is thought to have become increasingly irritated at the costs in terms of intervention.

Having broken with the DM3.00 ceiling, however, the Treasury was anxious yesterday to emphasise that the markets had not been given totally free rein. The goal posts have been moved but the basic policy remains to promote exchange rate stability. The

Bank sought to reinforce that message with a bout of intervention aimed at limiting the scale of the rise above DM3.00.

For what it is worth, the Treasury's official formulation is that it will not allow the exchange rate to rise to unsustainable heights nor will it allow a depreciation that would accommodate excessive pay awards. In the jargon of the Mandarins, the tactics may have changed but the strategy has not.

In simpler terms, the Government is sufficiently concerned about rapid deterioration in the trade position not to allow the pound to become totally uncompetitive. But Mr Lawson is not going to have his tax-cutting ambitions jeopardised by speculation that the Government has gone soft on inflation.

The expectation in Whitehall is that Mr Lawson will still opt for a "prudent" fiscal stance in the budget - although because revenues are even stronger than generally realised sizeable tax cuts will still be possible.

That, and the tightening of monetary policy implied by sterling's appreciation, will provide the background for a cut in interest rates if the pound's rise threatens to get out of hand.

The problem for the Government, however, is that by allowing DM3.00 to be breached, it may have severely dented industry's confidence in its determination to provide a stable exchange rate environment for exporters.

Acute medical sector in crisis, say doctors

By Alan Pike, Social Affairs Correspondent

MORE THAN 3,000 acute hospital beds were closed last year because of financial pressure on health authorities, the British Medical Association said yesterday.

The figure emerged from a BMA survey of consultants which will add to the pre-budget pressure on the Government for additional spending on the health service.

Mr Paddy Ross, chairman of the BMA's consultants' committee, said the survey came to the inescapable conclusion that there was a "nationwide crisis in the acute hospital sector."

"We again ask the Government to provide adequate funding for the acute hospital sector, and in particular to fund the consequences of its decisions about national pay awards."

The survey follows last week's call by the all-party Commons Social Services Committee for an immediate injection of up to £1.5bn in the National Health Service.

"It says up to 3,300 beds were closed during 1987, and 300 new ones opened. Some of the closures were part of rationalisation plans, but about 3,100 beds were closed "on grounds of response to present financial circumstances."

Based on figures for unfilled vacancies, the survey suggests a shortfall of 3,100 nurses and 870 medical secretaries. Cancellation of operating theatre sessions was reported by consultants in 21 per cent of health districts.

Board shift hits Standard Chartered share price

By David Lascelles, Banking Editor

STANDARD CHARTERED'S share price fell steeply on the London Stock Market yesterday in reaction to the announcement that Mr Rodney Galpin, a senior official of the Bank of England, was to take over as executive chairman.

The UK-based international bank's shares closed at 470p, down 40p or 8 per cent on the closing price at the end of last week. At one point the shares traded at 465p.

The market's fears centred mainly on the possibility that the banking group would be forced to make a large rights issue to strengthen its finances, which have been hit by losses and heavy exposure to the Third World debt problem.

Some analysts also forecast that Standard would cut its dividend when it announced its 1987 results on March 30. These will include an expected loss of about £150m.

Observer, Page 18

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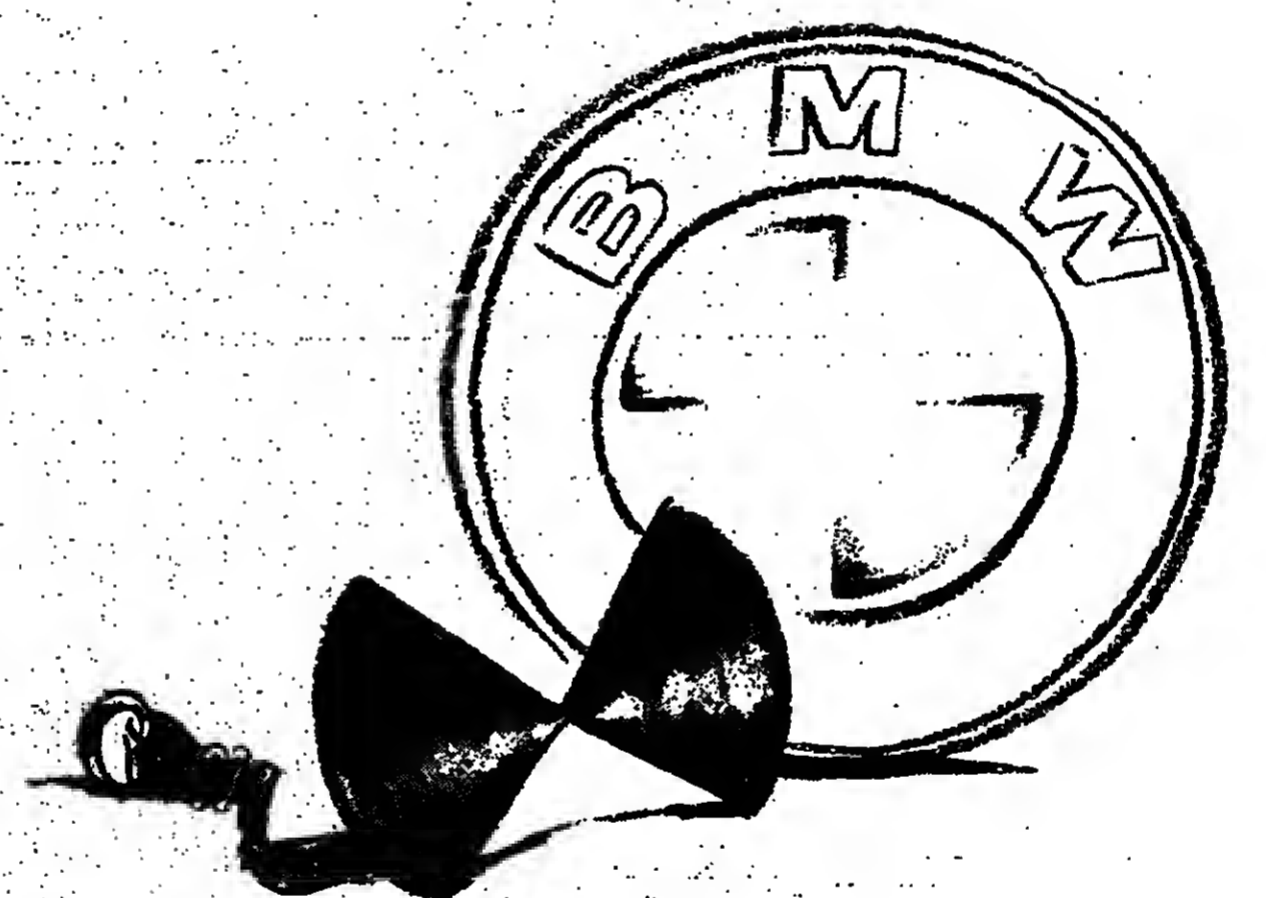
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Who'll steal the show on March 10th?

Our preliminary results for 1987 will be published on Thursday, March 10th. You may find them mildly surprising.



ROVER GROUP

THE LAND ROVER AND AUSTIN ROVER HOLDING COMPANY

A PREVAILING concern of engineering businesses, whether they are bridge builders or ski makers, is finding ways to produce increasingly thin and light sections of material, which are also strong.

This set of demands has helped to increase world sales of carbon fibre to about £100m a year. The material is strong, exceptionally light and is used to reinforce goods in a variety of industries.

But it is only cost-effective to make the fibre in thick piles, each containing as many as 12,000 individual threads. Users (and potential users) tend to prefer much stiffer bundles of fibres.

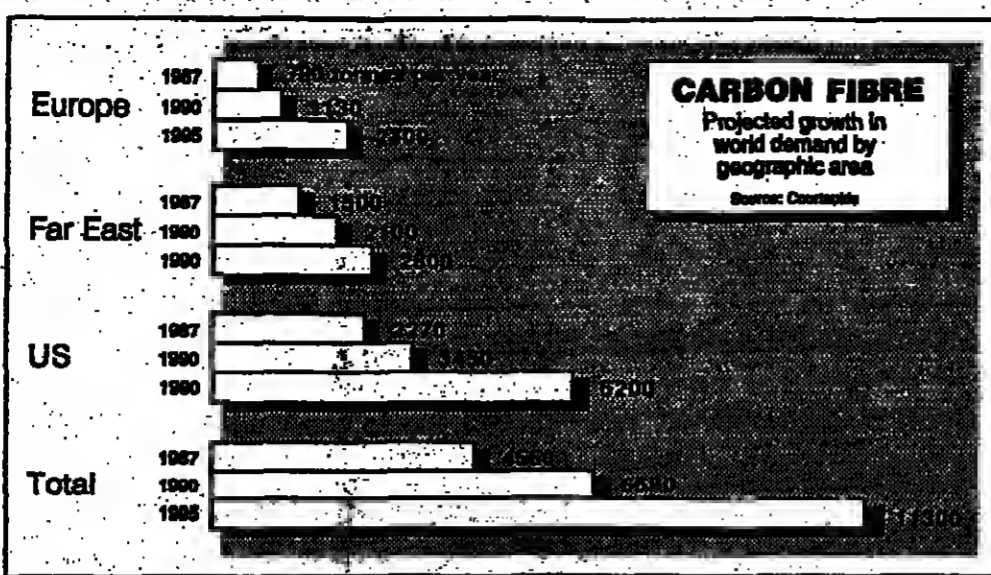
In a thinner form, the fibre could be woven into intricate patterns of fabric, which could then be impregnated with a plastic resin to form a strong component. This sort of ultra-thin, very light composite material could be used in products as diverse as an aircraft wing or an industrial machine.

Courtaulds, the UK textiles group, believes it has hit on an novel and efficient way to reduce the thickness of the fibre piles, using technology developed by Heltra, a tiny and obscure US company which it bought last year. Some of Heltra's machinery is now being transferred to Courtaulds' Coventry headquarters.

The UK group is trying to reduce its dependence on traditional textiles and to establish businesses based on new composite materials. It also has an 80 per cent stake in Hysol Grail, the world's fourth largest maker of carbon fibre, which is 20 per cent owned by Dexter of the US.

The other big producers of the material, world demand for which adds up to about 4,500 tonnes a year, are Toho and Toray of Japan and Hercules of the US.

Chris Fenton, a Courtaulds manager who has taken charge of Heltra, believes the purchase of



Courtaulds tugs at the tiny strands of diversification

Peter Marsh examines the textile group's development of a thinner and more versatile form of carbon fibre

The US company, which is based in Jim Thorpe, Pennsylvania, is quite a comp. It would have taken Courtaulds several years to develop its own techniques for thinning down fibres, he says.

For competitive reasons, the UK concern is anxious not to let outsiders gain a glimpse of Heltra's equipment, which it is installing behind closed doors at Coventry.

Heltra's technology is based on a system of rollers and other machinery, which separates individual threads in the 12,000-fibre standard ply through a process of

stretching and breaking. The equipment then twists the separated threads, now in the form of relatively short strands, into a yarn comprising as few as 200 fibres.

The thickness of the yarn can be measured in a few millimetres, compared with the centimetre-wide tapes based on the 12,000-strand threads which are standard for carbon fibre.

The textile industry is familiar with equipment similar to Heltra's, which it uses to transform thick strands of materials like cotton or polyester into thin

yarns. But the same process is much more difficult for carbon fibre, because of its relative brittleness.

Boyd Friel, marketing services manager at Hercules, the biggest US maker of carbon fibre, confirms that reducing the thickness of the strands will extend the material's range of uses. Although most customers are satisfied at the moment with the relatively thick thread, many are investigating future applications which would require thinner sections.

For Jim Ratcliffe, managing

director of the composite materials division at Courtaulds, Heltra's technology is not only important because it enables thinner and lighter composites to be produced. It also makes yarns that can be interwoven with other fibres made from materials such as nickel-coated carbon or Kevlar (a strong plastic made by Du Pont) to produce mixtures with characteristics, such as toughness and heat resistance, specific to individual applications. The yarns can be used to stitch together fabric based on carbon fibre or other substances.

Courtaulds has found that these yarns can be 80 per cent as strong as the much thicker threads which are the norm in the carbon-fibre industry. The company believes this capability will propel it into new application areas for carbon fibres, most uses of which are in aerospace and military equipment.

The fibres are also being increasingly used in general machinery, for instance, in measuring equipment and in vehicle components such as drive shafts. Other applications are in sports goods, such as tennis rackets, and in industrial textiles.

Heltra was started 12 years ago by George Tradewell, a textiles expert. It has only six employees, though Courtaulds intends to double this number over the next few months.

Kirk Tradewell, son of the founder, is Heltra's operations manager. He says he and his father "entertained the idea" of seeking a commercial involvement with either Hercules or Great Lakes Carbon, another US maker of carbon fibre.

But the two Tradewells - the father still works for Heltra as a consultant - eventually accepted the Courtaulds offer. "It was the only serious bidder which would give us the opportunity to stay with the company and take our concepts further," says Kirk Tradewell.

WORTH WATCHING

Edited by Geoffrey Charlsh

A break with the cage

INA Bearings of the UK has departed from the normal design for roller bearings by removing the cage, which holds the rollers in place. The aim is to reduce friction, increase operating speeds and allow higher loads.

The rollers operate in the space between the shaft and the outer ring, usually with the cage keeping them a fixed distance apart. Instead, the INA design injects oil at pressure, through equally spaced holes around the outer ring, to keep the rollers separate.

More rollers can be used in the space previously taken up by the cage, increasing the load performance compared with a caged bearing of the same size. Alternatively, the bearing can be made smaller for the same load.

Since the rollers do not run in a cage, friction is reduced, says INA. Furthermore, because oil is made to flow steadily through the bearing, frictional heat is removed, which in turn allows higher speeds and greater loads.

The bearing is aimed at high power transmission shafts (tests were conducted at 400mm diameter) where energy saved can be valuable. The bearing costs 15-20 per cent more than the conventional equivalent.

Phone calls for the record

RETELL, a small UK company, is offering a convenient unit that allows any telephone call to be recorded automatically.

It consists of a small cassette recorder and a sensitive microphone that fits to the telephone's earpiece. As soon as the handset is raised to the ear, a tiny mercury switch starts the recorder, stopping it when the phone is put down.

Approved for use in the UK, the unit costs £85.

When data speaks louder than words

IAN ROSS, president of AT&T Bell Laboratories in the US, believes that business demands for new telecoms services are now materialising "almost as fast as the technologies for satisfying them."

He predicts that by about 1995,

A guide to telecoms costs

OCTAGON Telecommunications Services of London has issued the first edition of its Guide to Telecommunications Tariffs, available on an annual subscription of £300 and issued three times a year.

Many communications managers realise that telecoms deregulation in the UK ought to reduce their companies' bills. But making the correct choice of competing services and tariffs is far from easy.

John Hunter, responsible for the guide, says the cost of telecoms in a large business can be cut by as much as 25 per cent. "Choosing the most effective service in terms of cost, reliability, quality of service and ease of implementation is now both more important and more complicated than it ever has been."

Cutting the cost of plotting

VERBATEC, the California-based Xerox subsidiary, has introduced large electrostatic plotting machines at roughly half the price of current machines of the same size.

The product is aimed mainly at companies which use groups of stand-alone workstations and personal computers (PCs) for computer-aided design.

With a basic price of less than £30,000, the model 8536, for example, can print an A0 (34-inch wide) drawing in under a minute, whereas a conventional pen plotter might take up to 20 minutes. At such speeds, many engineers can use the new plotter without any serious delay building up.

Shaping up with sheet metal

FULLY automatic production of sheet metal blanks is provided by a unit made by Weygand-Gulligem in Belgium and available in the UK from Shape Machines of Marlow, Buckinghamshire.

Controlled by microprocessors, the machine takes sheets from an adjacent store and gulliothes them at a rate of more than one stroke a second. It follows a program composed by the operator on screen and keyboard. The machine stacks finished blanks behind it via conveyors.

CONTACTS: INA Bearing Company, UK, 021 361 3883. Reteil: UK, 0632 706294. AT&T Bell Labs: US, (201) 564 4342. Verbatel: UK office, 02533 517233. Octagon Telecommunications Services: London, 035 1901. Shape Machines: UK, 02894 75221. Weygand-Gulligem: Belgium, 58 430511.

Denmark takes a weight off its inter-city railway system

By Hilary Barnes in Copenhagen

NEW light-weight inter-city trains are being introduced by the Danish state railway, DSB, this autumn.

The trains, called ICs, will not be hauled by locomotives but driven by ordinary Deutz eight-cylinder diesel truck engines built into the coaches.

The three-coach trains are made of aluminium and will have a maximum speed of 200kph. They are being built by Ascant-Scandia, of Randers, Jutland. Each three-coach set can be coupled

to others to increase carrying capacity.

One of the main aims of Niels Tonggaard, the DSB engineer responsible for the project, was to make the train as light as possible. The first weight-saving was the elimination of a locomotive, which normally weighs around 70 tonnes while the three-coach IC3 weighs a total of 90 tonnes. Other reductions have come from the

use of aluminium and having fewer wheels. Weight per passenger seat has been reduced from more than 1,000kg on a traditional train to about 620kg.

To minimise vibration and noise, the train consists of an outer and inner tube and all contacts between the tubes are rubber. Each motor is suspended by just four bolts.

DSB wants the new generation

of inter-city trains to operate for 2m kilometres without having to be taken out of service because of breakdowns. To try to achieve this, each three-coach set has four motors; if one breaks down the train can still operate. A defective motor can be lifted out and replaced by a spare one in a matter of minutes, as can the gearboxes. The electrical systems from West Germany's AEG-

EMG) and computer control systems are also doubled up.

Danish analysts who have looked closely at the project say the computer systems include a lot of mirrored software and may be a weak point.

They add that doubling up on motors and other systems will be the key to achieving the ambitious target for length of service. It sounds an expensive way to do it, but the purchase price of the IC3 is considerably less than that of a conventional train.



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price to offer - before helping conclude the negotiations.

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ness of Chase's global banking capability.

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increased? And how could they check their efficiency when there were so few industry yardsticks?

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AUSTRALIAN BUSINESS

Chris Sherwell reports from Melbourne on an extraordinary story of corporate and managerial ingenuity

Elders IXL catapulted to international prominence

ANYONE WHO imagines that last October's share market collapse finally thwarted the liberalisation ambitions of Australia's infamous corporate predators should think again. At least one of them - Elders IXL, led by the ebullient Mr John Elliott - is still on the move, and in a big way.

In each of its main activities - brewing, agribusiness, resources, financial services and investment - the Melbourne-based group has built a corp business and is conceiving aggressive ideas for further expansion. Judging by its formidable record and strong finances, competitors ignore it at their peril.

Mr Elliott himself, only 46, appears newly energised to lead the group in this fresh phase of its existence, despite having reached a cross-roads in his remarkable business career last year.

More significantly, he and his fellow executives - known locally as "The Boys" - stand to reverse normal trends and, within a few years, win large shareholdings in the group for themselves.

Elders IXL is a joint venture created in the past three years in which he has become Australia's largest brewer, and the world's sixth largest. In its range of beers it has a national branded lager - Foster's - which has now successfully gone international. In his much-heralded plans, Mr Elliott would like to "Fosterise" the world.

In agribusiness, Elders is Australia's premier farm services agency, involved in real estate, in finance and insurance, in supplying chemicals, fencing and other merchandise, and in marketing.

It is also Australia's largest broker and exporter of wool, largest livestock agent, biggest meat producer and a leading beef supplier. Currently it has its eyes on the local and international grain trade and on extending its farm services and meat businesses to the US.

Elders Finance, already Australia's largest non-bank financial institution, is a prominent dealer in foreign exchange and is an international stockbroker, futures trader and fund manager. It is now seeking a bank acquisition aimed to expand its activities further.

The 45 per cent-owned Elders Resources, having grown at record-breaking pace since 1985, is meanwhile merging with NZ Forest Products, one of New Zealand's biggest forestry groups.

The transaction will make it one of the country's top 15 companies in its own right - and it is well positioned to stalk another newly merged resources group, North Broken Hill Palm.

In terms of corporate and managerial ingenuity, therefore, the story of Elders IXL is, even by Australian standards, extraordinary. But it is also notable for having been crafted by a team of men who have remained friends as well as colleagues.

Mr Elliott himself has shaken off the swabbacking image pinned on him at an early stage at home and, later, abroad. Ruthless and ambitious he may still be, but he now rightly commands respect.

It may be the first to say he is running Elders, yet he is also quick to pay tribute to those helping him do it. They, in turn, readily acknowledge his leadership, for they delight in his delegation of authority. In the words of one biographer: "Without being the boss he is frustrated; without the team he is lost."

Mr Elliott's leadership springs from his decision to "go it alone" in 1972 after six years at McKinsey, the management consultants - his first job after gaining an MBA at Melbourne University.

After combing Australia's companies for one which was underperforming with undervalued assets, he bid successfully for a Tasmanian jam manufacturer named Henry Jones (IXL).

With a combination of MRA theory and McKinsey practice, he turned it round by imposing a new management structure, selling off assets and reducing his A\$30m (US\$15m) borrowings. It was a pattern which would be repeated.

Nine years of hard work later, after tripled profits and quadrupled sales, Mr Elliott went into the venture which created Elders IXL - the merger with Elders GM, a big pastoral group then in the sights of Mr Robert Holmes & Court.

Fortuitous in its timing, the deal showed how Mr Elliott could grasp an opportunity. This, after all, had little to do with jam. But Elders GM was a series of fiefdoms in clear need of rationalisation and, as with Henry Jones, the circumstances were quickly turned to advantage.

Two years later came a still more ambitious deal, taking the group in the direction for which it is now best known internationally - brewing. This was the acquisition of Carlton and United Breweries, prompted by a bid

from Mr Ron Brerley. CUB had built up a 49 per cent interest in the Brerley move was a real threat. Mr Elliott quickly put together borrowings of close to A\$10m to take over CUB. Once he had got it, an efficiency drive and a sale of assets helped repay some of the debt.

By 1986, Elders IXL was an Australian phenomenon, as the

Elders IXL and its associates have built up a 12 per cent stake in AFP Investment Corporation, Mr Basil Sellers's company which has a cross-holding in Elders of potentially 33 per cent and effectively controls Gestetner, the UK office equipment group. Our Financial Staff writes:

Last week Larry Adler's FAI Insurance said it and Mr Abraham Goldberg, a businessman who spoke for as much as 19 per cent of AFP, had considered but decided against a bid for the company.

Analysis said Elders might have acquired part of the stake from Mr Goldberg. No prices were disclosed but AFP shares added 5 cents yesterday to A\$1.07, valuing the company at A\$478.8m (US\$347.8m).

Elders is said to hold some 5 per cent of AFP but counts this together with stakes owned by Mr Peter Scanlon and Mr Richard Wiesener.

do not then learned. A takeover onslaught on Broken Hill Proprietary, Australia's largest company, by Mr Holmes & Court prompted Elders to amass its own 18 per cent stake, spending A\$17m in a single day. BHP reacted by taking a A\$10m cross-holding in Elders.

Mr Elliott had judged Mr Holmes & Court might gain control too cheaply and his move prevented this happening. When BHP's ownership problem was finally resolved last month, Mr Elliott could point to Elders' substantial equity-accounted profits from BHP and a healthy profit on selling rights to BHP Gold shares.

Just as important, BHP by its cross-holding had made a helpful contribution to expanding Elders' capital base - precisely what the group needed to launch its next move: an audacious £1.8bn (US\$3.18bn) takeover bid for Allied Lyons in Britain.

Unfortunately for Mr Elliott, the bid did not go through because its complex financing

was referred to the Monopolies and Mergers Commission. By the time it emerged, the offer had been overtaken by the bull market.

Last month, Elders published its interim profits for the six months to December - a period which included the effects of the crash. Equity accounted profits were up 83 per cent. Market value of investments was still A\$343m above book value.

On that occasion, Elders

joint venture with a property company. But the performance of the group overall continues to astonish.

Last month, Elders published its interim profits for the six months to December - a period which included the effects of the crash. Equity accounted profits were up 83 per cent. Market value of investments was still A\$343m above book value.

and an election due by early 1988, he considered running for the opposition Liberal party. He had always supported the party (he was its treasurer), and it promised to take advantage of the Labor Government's obvious difficulties in running the economy.

But the Liberals' long-lived coalition with the Nationals founded, and Labor went to the country earlier than expected. At Elders, moreover, Mr Elliott's possible departure prompted determined moves to keep him.

In a neat dovetailing of objectives, a scheme was devised to restructure the company in a way beneficial both to shareholders and to directors - and specifically to Mr Elliott, who, while rich, is not fabulously wealthy.

Recognising that wealth meant independence, Mr Elliott saw that the scheme could furnish the vital prerequisite for any politician interested in leading the country in fresh directions.

Mr Elliott duly postponed his electoral ambitions, but conveniently became chairman of the Liberal party - a shift giving him a still higher political profile. The Elders restructuring, however, had to be shelved because of the share market crash.

The plan, crafted chiefly by Mr Scanlon, would have created separate quoted entities out of the group's main business divisions, all controlled by an Elders IXL holding company. This in turn promised to end up in hands friendly to Mr Elliott and his executive.

The BHP settlement does this even more clearly, because BHP's 18 per cent stake in Elders is passing to a company called Harbin, in which Mr Elliott and his fellow-executives have a direct stake.

The overall effect is not only to secure the defences of Elders against takeover for the next few years, but also to give Mr Elliott and his executives a chance of controlling the whole group provided they perform well.

When the time is right, therefore, the Elders restructuring will be revived - and on present trends the group will be far larger than it is today. At that point, Mr Elliott's career will probably shift, for he can be expected to shoot for the prime ministership. It will be his greatest challenge.



John Elliott (left), chairman of Elders IXL, and Peter Bartels, chief executive of Elders Brewing Group.

With the BHP deal and the Courage pubs venture, Elders will be free of debt with shareholders' funds above A\$5bn. No one doubts that it will now gear itself up for another ambitious acquisition.

Mr Elliott acknowledges that this success owes much to the men he has hired. Three - Richard Wiesener, Bob Cowper and Peter Scanlon - remain close to him despite having gone their own way. Others - Peter Bartels, Ken Jarrett, Michael Nugent and Geoff Lord - now run the main divisions. Each knows the other well. All function as a team. Disruptive internal clashes are minimal.

It was, therefore, scarcely surprising that last year Mr Elliott's thoughts turned more to politics - something which for him is as potent in its seductive power as business and his other great love, Aussie Rules football.

With Elders well established

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LAW

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Divided liability for bank's loss

SUMITOMO BANK LTD v RABOBANK NEDERLAND Court of Appeal (Lord Justice O'Connor, Lord Justice Lloyd and Lord Justice Nicholls); March 2 1988

AN IRREVOCABLE letter of credit may be extended by conduct after expiry if the issuing bank accepts a tender of fresh documents in place of non-conforming documents rejected before expiry. And where the credit is so extended, the sellers' assurance to the confirming bank that they accept full responsibility for discrepancies renders them liable for the bank's interest losses arising out of the non-conforming tender, but not for any subsequent loss caused by the issuing bank's delay in accepting the re-tendered documents.

The Court of Appeal so held when dismissing the major part of an appeal by Sumitomo Bank Ltd from Mr Justice Leggatt's decision that it was not entitled to interest as against Co-operative Centrale Raiffeisen-Boerenleenbank BA ("Rabobank Nederland") in respect of transactions arising out of an irrevocable letter of credit confirmed by Sumitomo. The appeal was allowed in respect of interest covered by an assurance of responsibility for discrepant documents given by Rabobank to Sumitomo.

LORD JUSTICE LLOYD said that an irrevocable letter of credit was opened by an Egyptian bank, Banque Mir, in favour of Dutch sellers of butter oil c & f Alexandria.

The letter of credit called for shipping documents to be presented, including sanitary certificates issued by the Dutch Government.

Sumitomo Bank in London confirmed the letter of credit, and it was transmitted to the sellers through Rabobank, as sellers' agent.

The goods were shipped in four shipments. Documents were presented by Rabobank to Sumitomo on October 15 1987, and on October 28 and November 5.

Sumitomo drew Rabobank's attention to the fact that the sanitary certificates were not in order. On each occasion Rabobank replied "We assume full responsibility for discrepancies - so please effect payment."

Sumitomo thereupon paid 90 per cent of the price under reserve, and forwarded the documents to Banque Mir. The 10 per cent balance was to be paid later.

On November 18 Banque Mir teleaxed Sumitomo that the documents relating to the first two shipments were not acceptable to the buyers. There was a valid rejection of those documents before the credit expired. It expired on November 22.

On November 23 Rabobank forwarded four fresh sanitary certificates in respect of all four shipments to Sumitomo, with copies direct to Banque Mir. It invited them to lift their reserves.

On November 30 Banque Mir lifted the reserve in respect of the first shipment and authorised Sumitomo to pay 90 per cent. On December 22 it authorised payment in respect of the third shipment and on January 6 1988 it authorised payment in respect of the second and fourth shipments.

The effect of those transactions was that Sumitomo was out of its money on the first shipment from October 22 to November 30; on the second shipment, from October 25 to January 6; on the third shipment, from November 8 to December 22; on the fourth shipment, from November 12 to January 6.

Sumitomo claimed interest for those periods under Rabobank's "guarantee."

Mr Justice Leggatt dismissed the claim. He held *inter alia* that since the documents were ultimately accepted by Banque Mir, it must be treated as having accepted them when they were originally tendered, and that Sumitomo's claim, if any, lay not against Rabobank but against Banque Mir.

Sumitomo now appealed.

When the sellers forwarded the fresh sanitary certificates on November 23, they were re-tendering the documents. The letter of credit had by then expired, but by forwarding the fresh certificates, they were, by implication, asking the buyers to extend the credit.

The buyers did so, by conduct. It frequently happened that the validity of a letter of credit was extended by consent of all parties. Such consent could be implied as well as expressed.

That was what happened here. It followed that Banque Mir's acceptance of the documents did not date back to the date of the original tender.

So far as the first shipment was concerned, the delay in accepting the documents between October 22 and November 30 was due solely to the sellers' failure to tender conforming documents in the first place.

Banque Mir was not obliged to reimburse Sumitomo until November 30.

When Rabobank assumed full responsibility for the discrepancies, it must have meant it was accepting full responsibility for any loss suffered by Sumitomo arising from the discrepancies.

In the case of the first shipment, that must include interest for the period between the original non-conforming tender, and acceptance of the fresh tender on November 30.

So Sumitomo was entitled to recover interest for that period from Rabobank.

The same applied to the other shipments for the period up to November 30. Although there had been no unqualified rejection of documents relating to the third and fourth shipments when the letter of credit expired, the natural inference was that the buyers were extending the letter of credit to enable a fresh tender to be made in relation to all four shipments. That was what in fact happened on November 30.

In the period subsequent to November 30, the documents for the third shipment were eventually accepted by Banque Mir on December 22, and for the second and fourth shipments on January 6 1988. There was no explanation for the delay in acceptance.

Article 8 of the Uniform Customs for Documentary Credits required an issuing bank to examine documents within a reasonable time, and then to choose without delay whether to accept them or reject them.

Banque Mir was in breach of article 8. It had had all the documents, except the fresh sanitary certificates, by November 12. A reasonable time for examining the documents elapsed no later than November 30, when the fresh sanitary certificates arrived.

Rabobank should not be held liable under the terms of its "guarantee" for Banque Mir's delay in accepting the documents after November 30.

When the parties gave and received the guarantee, they must have assumed that Banque Mir would comply with its obligations under the letter of credit. The loss suffered by Sumitomo subsequent to November 12 arose from Banque Mir's breach, not from the original discrepancies.

The second main question related to the 10 per cent balance of the contract price.

The letter of credit provided that it was to be paid within 60 days from date of completion of discharge, and "after assurance that consignment strictly complying for specification mentioned in credit terms."

On the first shipment 60 days expired on December 24, but Sumitomo did not pay the 10 per cent until May 5 1988. Rabobank claimed interest from December 25 to May 5. It made similar claims in respect of the other shipments.

Sumitomo said it was not obliged to pay the 10 per cent until the Egyptian buyers had assured themselves that the goods complied with the specification, and had given instructions to Banque Mir to that effect. So it denied liability for the interest.

The meaning of the provision was obscure. Rabobank's construction was preferable.

The provision for payment within 60 days was the controlling provision. If within 60 days the goods did not comply with specification, the 10 per cent ceased to be payable under the letter of credit, and became payable, if at all, under the contract of sale, subject to the buyers' right of counter-claim or set-off.

But if no claim was made within 60 days that the goods did not comply with specification, the 10 per cent was payable under the letter of credit forthwith.

The alternative construction could lead to the sellers' being held out of their money indefinitely while waiting for buyers' instructions.

The second point was therefore decided in Rabobank's favour.

The appeal was dismissed on the second point, but allowed in part on the first point.

Lord Justice O'Connor and Lord Justice Nicholls agreed.

For Rabobank: Mark Haggood (Slaughter & May)
For Sumitomo: Peter Creswell QC and Caroline Walton (Clifford Chance)

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The information required to be disclosed by paragraph (e)(1)(viii) of Rule 14d-6 under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

A request is being made to the Company for use of the Company's stockholder lists and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase, the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and will be furnished to brokers, dealers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder lists or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares, by the Purchaser when such lists or listings are received, or by the Company if it so elects.

The Offer to Purchase and the Letter of Transmittal contain important information which should be read before any decision is made with respect to the Offer.

Questions and requests for copies of the Offer to Purchase, the Letter of Transmittal and other tender offer documents may be directed to the Information Agent or the Dealer Manager as set forth below, and copies will be furnished promptly at the Purchaser's expense. No fees or commissions will be payable to brokers, dealers or other persons other than the Dealer Manager and the Information Agent for soliciting tenders of Shares pursuant to the Offer.

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March 3, 1988

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RIVERSIDE IDEAS IN ACTION

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London Symphony/Barbican Hall

David Murray

With Gennadi Rozhdestvensky suddenly indisposed, Mark Ermler - the Royal Opera's current guest for Eugene Onegin - was a Bolshoi-sent saviour for Sunday's LSO concert with its all-Russian programme. And evidently Ermler had benefited either from Rozhdestvensky's rehearsal, or quite possibly from Rozhdestvensky's not having done any (it would be interesting to know which) for without forwarding anybody would have guessed from the keen performance that a last-minute substitute was in charge. It spoke very well for the confident clarity of Ermler's podium style.

Thomas Hampson/Wigmore Hall

Richard Fairman

The stream of glowing reports in foreign magazines about Thomas Hampson's European opera performances has recently turned into a flood, and this recital on Saturday night was a most eagerly-awaited event. The word had clearly got around: the house was almost full, though that is perhaps not surprising, given that the young American has yet to make his opera debut over here and this was the only chance to catch him for a year.

Bournemouth Symphony

Paul Driver

The Bournemouth Symphony Orchestra showed itself off under its Principal Conductor elect, Andrew Litton (he will take over from Rudolf Barshai as next season), at the Royal Festival Hall on Friday. They began with Berlioz's overture Roman Carnival and immediately made a favourable impression. There was a satisfying overall firmness of tone and tightness of ensemble, and much, additionally, in the way of fragrant caricatures of sound and crisp little articulations of rhythm. The music was driven, but not over-driven, and its dramatic content was very effectively conveyed in the amplitude of the context in which they occurred.

Arts Guide

- Opera LONDON Royal Opera (Covent Garden). Mirilla Freni sings her first London Tatiana in the Eugene Onegin revival. Jean Rigby, and Nicolai Ghiaurov, conducted by Mark Ermler. March 10, 8.00. Royal Opera in the revival of Un ballo in maschera: the cast also includes Giacomo Aragall, Alexander Agache and the great Russian mezzo, Irina Arkhivova. (240 1088) English National Opera (Coliseum). An imaginative production of Cavalleria Rusticana and Pagliacci. Inventive, over-detailed, retuned with a cast including Jane Eaglen, Arthur Davies, Angela Fenny, Alan Woodrow, and Janet Strachan. In the first ENO production of Britten's Billy Budd the cast is led by Michael Frier, with the title role, Philip Langridge (Vera) and Richard Van Allan (Claggart); David Atherton is conducting and Tim Albery producer. (238 2323)

Phoenicians in Venice

I Fancit, that is to say The Phoenicians, is the latest in the series of major exhibitions that the FIAT Corporation has brought to Venice over the last few years through its restoration and sponsorship of the Palazzo Grassi. Thus far the programme has swung between modern and historical or archaeological subjects. This show, which has attracted further sponsorship from the Accademia del Lincei, is to run until November 6. But who were the Phoenicians, where and when did they flourish, and what did they leave behind? The questions come as thick as ever, founded upon dim schoolroom memories of Tyne and Carthage, of Queen Dido and Hannibal and ancient trade in tin with Cornwall. The sense is of a people forever on the periphery of one's historical vision, never quite in focus, always marginal to the affairs of greater nations.

William Packer

There is a gap of only six years between the composition of Beethoven's Ninth Symphony and that of Berlioz's Symphonie fantastique, but the two composers represent such different worlds that it is almost surprising that they should have been trained for the occasion and an exception from the second set of Sponchi's La Voixale - Miss Hing again in fine declamatory form - provided the first musical revelations: the virtuosic brass writing in particular offers a direct entrée into the world of the Symphonie fantastique that followed.

The Berlioz Experience/South Bank

Andrew Clements

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Temba/Young Vic

Claire Armitstead

The black company Temba continues their residency at the Young Vic with two shows as different stylistically and in intention as could reasonably be ranged behind the banner of black politics. Their South African guests from Durban's Ushaka Theatre, have commandeered the main house with a stinging, stumping blow for township theatre - a tradition which has its origins in black folk culture, which has grown up among South Africa's black communities and become militant with them.

The Cherry Orchard/Crucible, Sheffield

Michael Coveney

Each visit to the Sheffield Crucible confirms the quality of the ensemble operation under the direction of Clare Venables. I have sometimes felt that "Bourgeois" is too strenuously pursued. But with her co-director Steven Hinch, Miss Venables is doing something of immense significance in the British theatre.

Turner's Architecture at the Clore gallery

The Watercolour Room at the Clore Gallery will house the exhibition Turner and Architecture, sponsored by chartered surveyors Drivers Jones, from March 23 to July 10.

March 4-10

- WASHINGTON Washington Opera (Kennedy Center). Opera House. The title role in Cavalleria Rusticana conducted by Mario Bernardini. March 4-10, 8.00. Metropolitan Opera (Lincoln Center). Opera House. James Levine conducts Hong Fan Taha with Kid T. Kwan, Susan Cretney, and David Hernandez in Grandia Scitini's staging. James Levine conducts Angèle Broderick's production of The Merry Widow. March 4-10, 8.00. WEST GERMANY Berlin. Deutsche Oper. Der Liebestrank has star tenor Leif Erikson in the title role. Madame Butterfly is respectable with Yoko Nonaka, Giorgio Marchi, and Andreas Schmitz. Die Verkaupte Braut completed the week. NETHERLANDS Amsterdam. Musiktheater. The Netherlands Opera in Salomon conducted by Harry Kupfer. Harimmi Haenchen conducting the Rotterdam Philharmonie, with Eva Maria Bunisch in the title role. The Netherlands Opera in Salomon conducted by Harry Kupfer. Harimmi Haenchen conducting the Rotterdam Philharmonie, with Eva Maria Bunisch in the title role. The Netherlands Opera in Salomon conducted by Harry Kupfer. Harimmi Haenchen conducting the Rotterdam Philharmonie, with Eva Maria Bunisch in the title role.

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Saleroom/Antony Thorncroft Tea returns to Japan. There is nothing an auction house likes more than a crush of new buyers, especially if they are Japanese. So Christie's was happy yesterday with the new faces at its Japanese works of art sale.

FINANCIAL TIMES

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Tuesday March 8 1993

Exchange rate uncertainty

"NO, THIS is not so deep as a well, nor so wide as a church door; but 'tis enough, 'twill serve." So answered Mercutio when asked about his state of health after receiving a mortal wound. Does Mr Nigel Lawson need to reply in the same vein when asked about the state of his monetary and exchange rate policy after yesterday's rise in the sterling rate of exchange above DM3?

The justification is a good one, but the policy is difficult to operate, especially when the credibility of the link is undermined by failure to take the membership of the EMS. The influence on wage bargaining has been negligible, while financial markets have been persuaded of the reality of the policy. The discrepancy is largely explained by the differences in time horizons.

Unwillingness
There is a difference of emphasis between the Prime Minister and the Chancellor of the Exchequer on how to deliver on these broad intentions. The former has emphasised her unwillingness to surrender monetary sovereignty to the Bundesbank. The latter remarked to the Treasury and Civil Service Committee on December 9 1987 that "keeping the pound in line with the Deutsche Mark is likely to be, over the medium term, a pretty good anti-inflationary discipline."

Ambiguities
If the UK had been a member of the ERM, the present appreciation need have caused no great damage. A change of parity could have been announced, while still preserving an exchange rate target. Indeed, an upward shift in the exchange rate could have been seen as reconfirming counter-inflationary zeal. In the absence of full EMS membership, interpretation is different. With the ceiling changed in response to foreseeable forces, the exchange rate must now be seen as one of a number of indicators used to guide the economy in aiming at an acceptable trade-off between inflation and economic growth. This used to be called fine-tuning.

It may have been reasonable, but it turns out to have been incorrect. Does this matter? The principal justification for the exchange rate mechanism (ERM) was that the exchange rate would provide a nominal anchor for the economy after the breakdown of monetary targets. Businessmen would get the stability they had constantly demanded, while the punishment for inflationary wage bargaining would be obvious.

Flawed plan for inner cities

THE BRITISH Government's announcement of a new programme for the inner cities is strong on presentation, but weak on ideas or new money. The Prime Minister, Mrs Margaret Thatcher, was flanked by no fewer than six of her ministers when she announced yesterday that, "in partnership with the people and the private sector," her Government was embarked on "a great enterprise which will leave its mark on Britain for decades and carry our towns and cities into the 21st century in much better shape."

Assistance to small businesses will be increased. Two new roads, which it must be assumed the Department of Transport would have constructed in any event, have been drawn in to enhance the picture. The whereabouts of land currently hoarded by local authorities will be made known by a requirement to publish information about it; this should increase the pressure to release derelict or under-used sites for development.

Red tape
Individual items in the collation do have value. The Merseyside Development Corporation will have its area doubled and a new urban development corporation will be established in Sheffield. These non-elected authorities can cut through red tape to promote development. The first, in London's docklands, has been operating since 1981 with some success. Again, the five "city action teams" set up three years ago to co-ordinate at a local level the work of central government departments will be joined by two more. They might be useful.

Dependency
Other Government policies, not counted in the inner city balance sheet, are likely to do more damage to the immediate interests of many of the worst-off inhabitants of the inner cities than yesterday's measures are to do good. The new community charge, or poll tax, will be payable by every inhabitant, however poor; the maximum remission will be 80 per cent. The new social security regime, due to come into force at the end of the month, will leave some of those at the very bottom of the pile with less income than now. The new housing policies will lead to sharply increased rents accompanied by a ceiling on rebate expenditure. Some may be "rescued from dependency" by the combination of such sticks and the "Action for Cities" carrots, but many will become more dependent than ever.

IT HAS NEVER happened before. Today voters in 20 states across the US will cast their ballots in separate Republican and Democratic party elections to choose about a third of the delegates for the two national conventions in July and August. There the delegates will nominate their party's candidates for the presidency.

Already there are predictions, based not only on the opinion polls but also on the implications of the complex rules governing delegate selection, that in the Republican Party the day's events could give Vice-President George Bush a nearly unassailable lead in the race for his party's nomination. If these forecasts are accurate, his main rival, Senator Robert Dole and the Reverend Pat Robertson, could be left with little more than his way to the Vice-President will commit the first of egregious electoral blunders that will let them back into the contest. Six short weeks ago, after the first caucus in Iowa, their prospects looked much rosier.

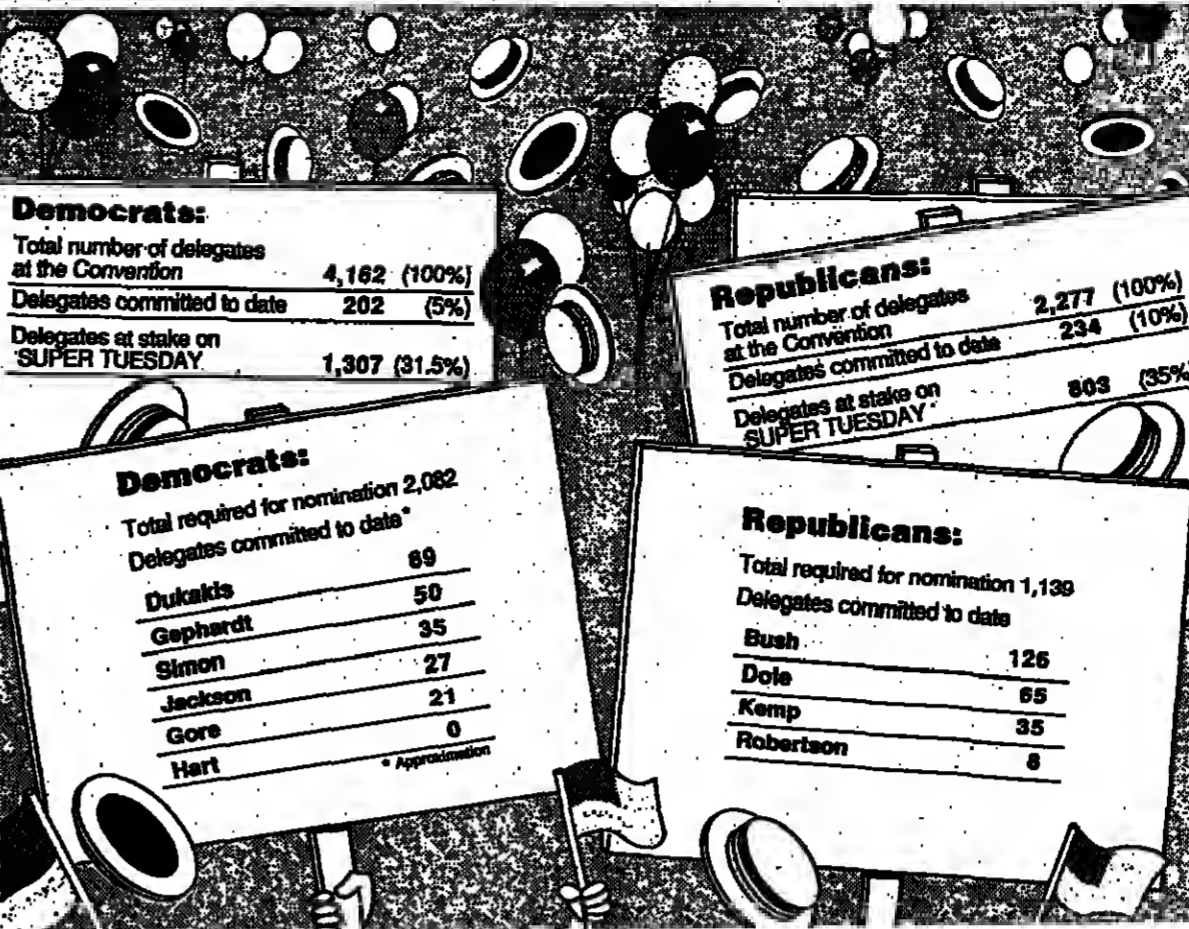
Testimony to Mr Bush's strength has already come from his main rivals. Mr Robertson is talking about co-operating with Mr Dole in a "stop Bush" movement. Mr Dole is said to be preparing an all-out effort to halt Mr Bush's forward progress in what many political analysts see as a last-ditch struggle in the Illinois primary next week.

Mr Bush's supporters may, therefore, end up rejoicing at today's bunching together of early primaries. This would be something of an irony for a Republican since it was the Democratic Party which ran by Democrats which were primarily responsible for creating the so-called Super Tuesday in the first place. The double irony is that those same Democratic insurgents enter today in no mood for celebration.

That is because, as it has turned out, they have probably created in Super Tuesday a monster which is running amok and trampling all over the goals they had in mind when they made their decisions. With the sole exception of 1978 when Jimmy Carter, a former Governor from Georgia, swam the ocean on his way to the White House, Democrats have for 20 years been swimming against the conservative tide in presidential elections in a region which has been transformed not just economically but politically in the last 25 years.

After Vice-President Walter Mondale's humiliating defeat by President Ronald Reagan in 1984, when Mr Mondale carried only his home state of Minnesota and the District of Columbia, southern Democrats decided enough was enough and the nominating process needed changing yet again. They believed that the McGovern-Fraser reforms of the early 1970s, in particular, strengthened the influence of the party's liberal wing and especially organised labour. The sort of candidate the system was likely to produce, had too little chance of carrying the more conservative south.

Today's US presidential primaries are proving embarrassing to the Democrats. Stewart Fleming reports



Short of comfort in the south

pre-race favourite is Governor Michael Dukakis of Massachusetts. In Texas, for example, Mr George Christian, formerly press secretary to President Lyndon Johnson and now a widely respected political consultant in Austin, has expressed concern that the Democratic Party might be on the verge of nominating another liberal as its party's standard bearer. He recalled that the Democrats have never won the presidency without winning Texas and Texas is a state Mr Bush calls home, even though his roots are elsewhere.

political advertisement charging that Mr Dukakis has "smeared" some of his rivals and "spied" on others. On the Republican side, Senator Dole, still smarming from the blistering attacks from Mr Bush which contributed to his defeat in New Hampshire, has prepared an advertisement pointing out that, while in office, the Vice President was leading the White House terrorism task force, which said the US would never sell arms for hostages, and, at the same time, approving the arms sales to the Ayatollah Khomeini. Republicans are

more credible with voters. But it is not just the immediate impact which the Super Tuesday format is having on the style of the campaigns that has been worrying moderate party leaders. Even before the final frantic weeks of campaigning across the country it was clear that far from diminishing the importance of Iowa and New Hampshire, the Super Tuesday arrangement had accentuated the significance of the February races in those two small states.

By bunching the primaries in 14 southern and border states early in the year they hoped both to diminish the attention which the public (and in particular the media) paid to early, and allegedly unrepresentative, contests in Iowa and New Hampshire and to permit southern voters to vote against some even harboured the hope that a prominent conservative southern Democrat, perhaps Senator Sam Nunn of Georgia, would be on the ballot on Super Tuesday, believing that the combination of regional pride and political talent would propel him first to the party's nomination and then into the presidency. For if there is one thing most political analysts in the US agree on today it is that a Democrat who cannot carry some key states in the south has the odds heavily stacked against him in the presidential election.

Far from being a clean fight, Super Tuesday has degenerated into an ugly brawl
They certainly made possible the emergence from the pack of Governor Dukakis who, in a divided field, is now appealing successfully to suburban liberals, white-collar workers and teachers (and particularly in Texas) Hispanics. He has the added advantage of being by far the best financed and organised candidate. Moreover, also voting today are his home state of Massachusetts, as well as Washington and Rhode Island, where he is well positioned.

The most truly southern of the Democratic candidates is also a man, the originators of Super Tuesday did not particularly want to see near the front of the pack. Rep Jesse Jackson, the black former civil rights leader, is also the most liberal Democrat in the field, a man who would raise taxes on the wealthy and slash defence spending to balance the federal budget. Conservative Democrats believe that the party's post-Vietnam label of being "weak on defence" has been one of the biggest liabilities in a region which is more overtly patriotic and pro-military than other parts of the country. With the Democratic field divided between four candidates who appear to

New suitors for the Old Lady

MA science akin to KremlinoLOGY is practised by the City's Bank of England watchers, and the departure of two top officials, Rodney Galpin and David Walker, in only a week has presented them with a veritable feast for speculation. Walker and Galpin were executive directors (the Bank only has four of them) which puts them directly below the Governor and his deputy in power and influence.

Out of focus
Mrs Thatcher and the bevy of ministers who launched the Government's Action for Cities initiative yesterday were most happy to embrace the industry-school Compact scheme. The cold shoulder was reserved for the Inner London Education Authority which, together with the London Enterprise Agency, started a pilot Compact in the East End of the capital in September.

OBSERVER

Both Downing Street and Buckingham Palace have to approve the appointment. Further out, the shuffle could see the Bank top echelons. Sir George Blunden, the Deputy Governor, retires in 1990, and now that both Galpin and Walker are gone, the field looks clear for Eddie George, the executive director in charge of monetary policy and financial markets.



"I didn't want them in the first place - now under privatisation, I'm being asked to buy them."

All mod cons
Students of the Royal College of Art have designed the interior for what they consider will be the house of 2020 at the Ideal Home Exhibition which opens today at Earl's Court.

with sarisces to blank out the senses. Presumably it will be possible to be mugged without knowing it. Some furniture like the teenage son's "dancing legs" are designed to amuse. The legs are part of a female torso with rather prominent breasts. Professor Derek Walker, head of the College's Architecture and Design Studies Department with overall responsibility for the project, confessed that the right breast was prone to fall off if the legs twitched, a source of some anxiety since the Queen was visiting the house later in the day.

Chair of Power

Those who wondered why Oxford received a motorway and high-speed train well before Cambridge and suspected it was because the home of lost causes was more tightly plugged in to the establishment, may well be right. Both universities are running seminars on the concept of power and the differences are revealing.

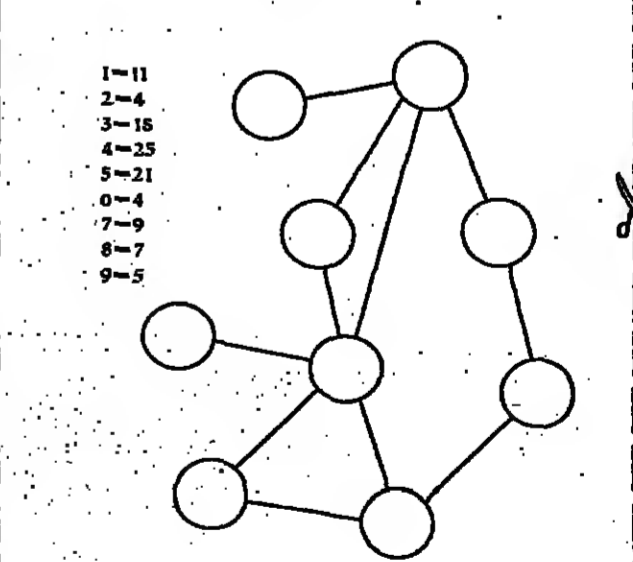
Finnish joke
Why does the cartridge belt of the Swedish army recruit have six bullet slots instead of the five in the Finnish one? The sixth is for lipstick.

No. 3 Connections

Insert the numbers 1-9 in the grid so that the sum of all the numbers in the connecting circles only is as shown in the table.

for example:

1	1-14 (4+7+3)
4	4-8 (7+1)
7	7-5 (4+1)
3	3-1



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Barry Riley talks to Sir Nicholas Goodison about his 12 years as Stock Exchange chairman

IT WILL BE a wrench. I've been on the Council for 20 years. But it had to be. In this particular role I have achieved everything I really meant to achieve.



The thinking man's broker bows out

This leaves him with plenty of time to pursue a new career. He has chosen the TSB Group where he will become a part-time director next month and where he will take over from Sir John Read as chairman at the beginning of 1989.

made no secret of his opposition to the legalistic approach of the current regulators. He is also opposed to the controversial 'polarisation' principle, a view which will stand him in good stead in future with the other clearing bank chairmen who have also fiercely opposed the imposition of a rigid choice between independent and 'old' stock firms.

ONE SHOULD not be too hard on last week's Nato summit. Of course, it did not resolve the argument about modernising Nato's short-range nuclear weapons and, of course, it had to pretend that the argument does not exist, or is not significant.



FOREIGN AFFAIRS

The ebbing power of Leviathan

As it is, it is hard to decide which was most infuriating - the insouciance of President Reagan, who was not sure whether he had read the document issued in his name, the unwarranted bickering triumphalism of Mrs Thatcher, or the illogicality of the West Germans, who insist that their country is 'singularly' exposed to nuclear weapons when, to everyone else, it is obvious that the only war which might conceivably be confined to Germany would be a purely continental one.

Edward Mortimer examines the symptoms of superpower decline - and its implications

Improved relations with the West in order to carry through his domestic programme, and his attempts to revive the United Nations system are at the price of embracing the peace-keeping machinery unenthusiastically.

At the regional level, even more astonishing, there is the willingness to cut losses and admit defeat in Afghanistan.

But alas, by 1990, when the peace conference produced a treaty purporting to regulate the affairs of that part of the world, its members had lost any purchase on events there; British troops had withdrawn and Azerbaijan, including Karabagh, had become a Soviet republic.

At this moment, Leviathan is bestial, faltering and full of benign gestures, which make it less convincing as a threat. But we do not know if this phase will last. In the long term, the decline of the Soviet empire, like that of other empires, is almost certainly inevitable.

Letters to the Editor

From Mr Francis Butcher: Six-year-olds aren't 'school funding inadequate' - my state-head teachers' (March 1) serves to underline the desperate state in which Berkshire education will find itself if Mr Nicholas Ridley's structure plan modifications for our county are approved.

No extra cash for extra pupils

of this, the county is among the foremost in achieving economies in school running costs. The Education Reform Bill, which is likely to be introduced in the next few weeks, is expected to find money to teach the extra pupils

Supply will be less secure

From Mr J.P. Longworth: Sir, The Farsons Plan is nothing more nor less than a risky experiment with the nation's electricity future.

Competition may not survive

From Mr Ian Roberts: Sir, Congratulations are due to the Secretary of State for Energy for his deft and imaginative solution to the privatisation of the electricity supply industry (ESI).

The two unions' amalgamation discussions should not be handicapped

From Mr Gavin Laird: Sir, There are few areas in manufacturing where the objectives of both the trade unions and employers would be better served than through the creation of a new union through the amalgamation of the Electrical, Electronic, Telecommunications and Plumbing Union (EETPU) and the Amalgamated Engineering Union (AEU).

Letters to the Editor

From Mr J.P. Longworth: Sir, The Farsons Plan is nothing more nor less than a risky experiment with the nation's electricity future.

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WOLSELEY

SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday March 8 1988

A MOVING EXPERIENCE



CONSTRUCTION EQUIPMENT

Warner to seek bid talks with Lorimar-Telepictures

BY JAMES BUCHAN IN NEW YORK

WARNER Communications, the US entertainment and communications group, yesterday emerged as the front-runner in Hollywood's jostling for control of Lorimar-Telepictures, the film studio which has been troubled by erratic financial management and unsuccessful diversification. Lorimar, which is best known for making successful television series such as Dallas, said yesterday that it had been approached by Warner "to explore the desirability of a business combination."

Analysts believe that other Hollywood studios - such as Columbia, Paramount, Disney and MCA - could be interested in the Culver City company, which is the leading US supplier of original TV programming. However, they say Warner, which is strong in full-length films but weak in first-run TV, has the edge. Ms Mara Balabough, an analyst at Smith Barney in New York, said: "This deal could make Warner a powerhouse in TV, international programming, first-run and syndication." Mr Dennis McAlpine, an analyst at Oppenheimer, said: "If I were Lorimar, I'd do the deal with Warner, because there is more room for Lorimar people there."

Under Mr Merv Adelson, Lorimar's chairman, the company spent more than \$300m on diversification, buying into advertising, a troubled home video company, several television stations and MGM's old lot in Culver City. Excursions into filmmaking have so far been flops. Mr Adelson said last year that he was pulling back from businesses outside entertainment, and Lorimar has since sold three television stations and the ad agencies. However, Lorimar reported a loss in its most recent quarter to of \$19.2m on revenues of \$255.1m, claiming there were irregularities at its home video business.

Gambro earnings surge by 67%

BY SARA WEBB IN STOCKHOLM

GAMBRO, the Swedish manufacturer of kidney dialysis and intensive care equipment, reported a 67 per cent increase in profits, after financial items, to SKr222.5m (\$37.1m) last year, reaping the benefits of its earlier restructuring measures. Group sales rose by 64 per cent to SKr2.64bn, helped by the acquisition last September of the Hospital Group, the Swiss-French manufacturer of artificial mem-

branes and machines for kidney treatment, for SKr1.2bn. The board proposes raising the dividend from SKr0.8 to SKr1.2. Gambro said that sales of products for kidney care, which account for about 80 per cent of its sales, rose by 12 per cent to SKr2.35bn, taking comparable units into consideration. Sales of intensive care equipment and products used in anaes-

thesia rose by 13 per cent to SKr295m. Operations in Spain and Italy showed strong profits and managed to strengthen market position, while developments in the US were unfavourable. The Hospital Group showed strong earnings last year, the group said. The acquisition was intended to help form the world's largest manufacturer of dialysis products.

IU accepts \$670m Neoax offer

BY OUR NEW YORK STAFF

IU INTERNATIONAL, the US trucking, food services and waste management company, has accepted a \$670m offer from Neoax, a company about one-tenth its size which has been stalking it for the past two months. Neoax is a successor company to White Motor, a heavy truck maker which was reorganised under bankruptcy laws in 1983. It

had initially offered \$17 1/2 a share, and IU tried various defence including an abortive leveraged buyout, selling some of its assets and a recapitalisation. But after Neoax raised its offer to \$22 the two sides began negotiating late last week. Shortly before Neoax announced its first offer, IU's shares were trading at \$2.75 and traded unchanged at \$2.2 yesterday.

Mr John Christy, IU chairman, said the revised Neoax offer was a "marvelous value for shareholders." Neoax, which makes heavy, military and other specialist vehicles, has said in papers filed with the Securities & Exchange Commission that it would sell IU's trucking and food distribution units but retain its International Mill Service waste management division.

General Electric in counter-bid for Roper

By Roderick Oram in New York

GENERAL ELECTRIC, the major US industrial products group, yesterday launched a \$425m, or \$45-a-share, counter-bid for Roper, a kitchen and garden equipment maker which agreed recently to a takeover offer from Whirlpool, a competitor. It is GE's first-ever unsolicited takeover offer but it reflected the specific situation rather than a change of strategy, the company said. Roper's shares leapt \$10 1/4 to \$48 1/4, far surpassing Whirlpool's \$37 1/2 a share, or \$32.5m, initial offer. The Georgia-based manufacturer of kitchen stoves, lawn mowers and garden tractors had accepted it last week after Goldman, Sachs, its investment banker, had judged it fair to shareholders.

Roper said it had no immediate comment on GE's offer but would study it. In light of the Whirlpool agreement, GE said it was going directly to Roper's shareholders with a tender offer which began yesterday and expires on April 1. GE had approached Roper with a view to a takeover last year but was rebuffed. GE's main interest was Roper's gas kitchen ranges which it and other sub-contractors make under the GE name plate.

Whirlpool's interest in Roper appeared to stem from the manufacture by both of them of equipment for Sears, Roebuck under the retailer's Kenmore brand name. Merging their operations might give Whirlpool more negotiating clout with Sears - by far the largest US stores group.

In its fiscal year ended July 31, Roper earned net profits of \$24m on sales of \$703m. GE darts its target with net profits from appliances of \$490m on turnover of \$4.72bn last year.

De Benedetti names backers in bid for Belgium's most powerful company

Nestlé and Philips in SGB line-up

BY TIM DICKSON IN BRUSSELS

MR CARLO DE BENEDETTI, the Italian industrialist who is striving to win control of Société Générale de Belgique, Belgium's most powerful company, said yesterday that his much touted "camp followers" include Philips, the Dutch electricals group, and Nestlé, the Swiss food multinational. The disclosure of these and other corporate names such as Shearson Lehman, the US investment bank, and FAI Insurance, the Australian insurance concern, had been requested by the Belgian Banking Commission as a condition for extending Mr De Benedetti's bid for SGB until March 18. Even so, it was seen in Brussels as strengthening Mr De Benedetti's hand in the now deadlocked seven-week takeover battle for the country's beleaguered business institution.

Until yesterday Cerus, Mr De Benedetti's Paris-based holding company spearheading the bid, had refused to reveal the identity of its supporters which it says form part of its 47 to 48 per cent stake in SGB. This group is now opposed by a rival Franco-Belgian consortium, led by Compagnie Financière de Suez de Paris and Groupe AG, Belgium's leading insurance company, which claims to speak for 52 per cent of the capital. Yesterday's statement from Cerus breaks down its 47.01 per cent "holding" and shows that the biggest chunk (15.9 per cent) is owned by a company called Europo 1882. This is a new holding company (country of establishment not yet known) which was set up by Mr De Benedetti last week when Mr André Leysen, the Flemish businessman who had earlier appeared to be friendly to the SGB board, dramatically defected to the Italian's side bringing with him the 2 per cent stake in SGB held by Gevaert, the financial holding company.



Carlo De Benedetti: "Camp followers" revealed

intends to take 4 per cent of the Europe 1982 capital. Cerus, meanwhile, stressed that its participation would remain at 50.01 per cent. Although it was not confirmed yesterday, Philips and Nestlé are also thought to be among those direct La Générale shareholders in the De Benedetti camp listed as "others" - accounting for 2.92 per cent of the total. The balance consists of CBI with 11.72 per cent, FAI with 3.24 per cent, the Geneva-based Banque Financière de la Cité with 3.24 per cent, and Odyssey Partners, a New York financial group with 0.97 per cent. Cerus said its claim to control 47.01 per cent assumed all outstanding warrants would be exercised.

In a separate development yesterday Mr Renaud de la Genière, president of Suez, confirmed the confidence expressed on Sunday by Mr Maurice Lippens of Groupe AG that the Franco-Belgian camp had a controlling stake. The aim now was "to get things back on the road" and "assure a return to normal."

Cobepa, the Geneva based bank CBI, and Shearson Lehman. The plan is now that Philips and Nestlé, which have both accepted the idea in principle, should join this group of Europe 1982 shareholders. The proposed Philips stake was not spelt out, but Nestlé

KHD sees DM285m loss as group turnover plunges

BY DAVID GOODHART IN BONN

KLOECKNER-Humboldt-Deutz, the troubled West German diesel engine and agricultural machinery group, which announced 6,000 redundancies at the end of last year, has revealed it will probably make a loss of DM285m (\$167m) for 1987. It had already announced the cancellation of its 1987 dividend.

The loss includes most of the costs of an extensive reorganisation and redundancy package, which will extend over at least two years. The result for 1988 is expected to be a considerable improvement on 1987, but the group does not expect to be back in profit until 1989.

The group attributed most of its difficulties to the falling dollar, but analysts also point to over-optimistic expansion in the US at a time of stagnating demand. Reorganisation will also include increased sourcing of work outside Germany, a restructuring of group finances and rapid modernisation of some plants.

Group turnover for 1987 was down from DM4.8bn to DM4.4bn. The expected loss of DM285m compares with consolidated group earnings in 1986 of DM28.9m, down from DM57.4m in 1985. However, the 1986 result covered a DM163m operating loss.

Royal Trust deposit flows helped by October crash

BY ANDREW BAXTER IN LONDON

DEPOSIT FLOWS into Royal Trust, one of Canada's two largest trust companies, have increased significantly since the October stock market crash, Mr Michael Cornelissen, president and chief executive, said in London yesterday.

This phenomenon, analogous to the increased takings by British building societies (which provide the bulk of loans for home purchase), was "clearly a flight to quality," and was also experienced by other Canadian trust companies and their banking rivals. Royal Trust had been affected minimally by the crash in terms

of its own funds, and although it does not claim to have anticipated the extent of the downturn, had been advising clients whose funds it manages to move into more conservative investments in expectation of a significant market correction.

This meant that clients' portfolios had been cushioned from at least 50 per cent of the effects of the crash, said Mr Cornelissen, who was in London as part of a programme of annual meetings. Meanwhile, the company's C2bn mutual fund programme, which had been growing fast before the crash, was picking up after three flat months.

This announcement appears as a matter of record only.

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INTL. COMPANIES AND FINANCE

Sime Darby interim profits up 73%

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the diversified Malaysian group, lifted pre-tax profits by 73 per cent to 133.6m ringgit (US\$51.9m) for its first half to December, an turnover up 31 per cent to 1.51bn ringgit.

Apart from the insurance division, which was affected by the stock market crash last October, all sectors reported much improved results, reflecting the general recovery in the Malaysian economy. The group's operations in Hong Kong, Singapore and the Philippines also recorded strong earnings growth. Sime's non-Malaysian operations contributed 35 per cent to group profits.

Profit after tax and minorities was 65 per cent higher at 59.2m ringgit. Sime is raising its interim dividend to 4 cents a share from 3 cents previously.

The results of the group's listed subsidiaries showed that:

Consolidated Plantations achieved an 89 per cent jump in pre-tax profits to 48m ringgit on the strength of higher commodity prices, particularly for palm oil. Turnover rose 23 per cent to 290m ringgit. Profit after tax and minorities was almost doubled to 23.2m ringgit. The interim dividend was raised to 6 cents from 4 cents.

Tractors Malaysia had pre-tax profits of 15.7m ringgit, an increase of 43 per cent. The group benefited from demand for heavy

equipment from the buoyant timber industry in east Malaysia. Turnover was 47 per cent higher at 130m ringgit, while net profit rose 56 per cent to 14.8m ringgit. The interim dividend is unchanged at 12.5 cents.

Danlop Malaysian Industries had after-tax profits of 6.1m ringgit, a near 50 per cent increase, on turnover of 109m ringgit. Its interim dividend is doubled to 2 cents.

United Estates Projects had after-tax profit of 8.2m ringgit compared with a previous loss of 5.2m ringgit. The improvement was due to sharply reduced interest charges arising from repayment of loans. Despite the

depressed property market, UEP achieved satisfactory sales due to the strategic location of its Subang Jaya development outside Kuala Lumpur. No interim dividend is declared.

Sime Darby Hong Kong recorded after-tax profits of HK\$38m (US\$7.4m), an increase of 20 per cent on turnover up 65 per cent to HK\$1bn. The company, which distributes BMW and Mitsubishi cars, said margins were squeezed by the higher yen and D-Mark.

Sales, which fell sharply after the stock market crash, have since recovered, the company said. The interim dividend is 6 cents, up from 5 cents.

Acquisition limits first-half rise at Boral

BY BRUCE JACQUES IN SYDNEY

THE A\$420m (US\$306m) acquisition of Blue Circle Southern Cement and mixed markets for its output held Boral, Australia's premier building products group, to a 12.4 per cent gain in net profits for the half year to December.

Amid big increases in interest payments, depreciation and minority shares of earnings - mostly reflecting the Blue Circle acquisition - earnings moved from A\$88.2m to A\$100.1m on a 19.3 per cent boost in revenue from A\$1.6bn to A\$1.93bn.

The interim dividend has been raised from 9 cents to 9.5 cents a share, taking about A\$61.2m and maintaining the company's pay-

out rate at a little better than 50 per cent of earnings. Sir Peter Finley, Boral's chairman, said the Blue Circle acquisition was positive for the company in the half but it was difficult to be specific on the exact contribution after interest and associated costs.

The group's interest bill nearly doubled from A\$17.5m to A\$33.5m in the period while depreciation jumped by 44 per cent from A\$30.3m to A\$43.6m. The minority share of earnings jumped from A\$1.9m to A\$6.5m.

Sir Peter indicated that Boral had taken a strategic decision to maintain its gearing at a historically high level of about 58 per cent after funding the Blue Circle

bid and the company's interest bill was thus likely to remain near current levels.

He said the company preferred to continue to fund a high level of capital expenditure, about A\$14m in the latest half, than to retire debt.

More than A\$90m of this spending was on acquisitions or business expansion. The largest included a quarry near Los Angeles, a concrete block plant at Brisbane and concrete road plants in California and Arizona.

Despite a usual seasonal dip in second-half earnings, the result puts Boral well in line to achieve local analysts' forecasts, ranging between A\$170m and A\$190m, for

the full year. This would be more than maintain the company's compound growth rate of 16.5 per cent in earnings per share over the past decade.

The directors see some flatter spots in operations for the current half, including road surfacing and civil engineering work, but they are encouraged by a gathering boom in domestic housing approvals. The housing industry accounts for about 25 per cent of the company's business.

The result was after tax of A\$82.1m (A\$78.2m previously) but excluded extraordinary losses of A\$3.4m (A\$21.5m).

Herscu in bid for Hooker minority

By Our Sydney Staff

MR GEORGE HERSCU, the flamboyant Australian property developer, is bidding for full control of Hooker, the property and retailing empire he controls as chief executive.

Mr Herscu announced yesterday that his family company, GSH, would offer A\$2.30 a share for the 42.5 per cent of Hooker it did not already control. GSH will make the same offer for the 14.7m partly-paid shares Hooker has in issue, bringing the total value of the bid to about A\$217m (US\$157.4m).

The move had been expected by the market for some weeks, and Mr Herscu pointed out yesterday that the offer level was more than 30 per cent above the company's A\$1.75 price "before speculation about a bid pushed up the price."

But yesterday, Hooker shares jumped 8 cents to A\$2.35 in Sydney on heavy turnover of 1.3m units, suggesting that Mr Herscu may face blocking tactics in his attempt to take Hooker private.

The bid, which has a 60 per cent acceptance condition, could be vulnerable to another party taking a strategic stake of just over 5 per cent in an attempt to extract a higher price.

Static earnings for Sino Land

BY DAVID DODWELL IN HONG KONG

SINO LAND, the Hong Kong property development company controlled by the family of Mr Robert Ng, has reported after-tax profits of HK\$172m (US\$22m) for the six months to December, against HK\$171m for the previous first half, on turnover almost doubled to HK\$362m.

Mr Ng has a reputation as one of the most aggressive bull market buyers of property in the territory. The company also dealt in shares in the Hong Kong share market, earning an estimated 30 per cent of operating profits in 1987-88 from such investment.

There was no hint in yesterday's announcement that these activities led to exceptional losses linked with the October crash.

The picture is different on Mr Ng's personal account, since he was caught with a massive speculative exposure to Hong Kong's futures market in October. His liabilities are said to have passed

Haeco lifts dividend to 48 cents

BY OUR HONG KONG CORRESPONDENT

HONG KONG Aircraft Engineering Company (Haeco), the aircraft servicing concern controlled by the Swire Group, boosted attributable profits for 1987 by 20 per cent to HK\$170m (US\$22.2m) on a turnover up 10 per cent to HK\$1.01bn. The final dividend is 34 cents per share, compared

with 29 cents in 1986, lifting the total from 41 cents to 45 cents.

Mr Peter Stuch, chairman, said maintenance facilities are fully committed for the first six months of this year though prospects for the second half are less certain.

In the recent past, British Airways has been the group's biggest customer, with Cathay Pacific Airways also using Haeco to service its fleet. In 1987, the group lost a long-standing contract to service Gulf Air's fleet when the Middle Eastern airline set up facilities of its own.

Advance by Daikin Industries

By Our Financial Staff

DAIKIN INDUSTRIES, the leading Japanese maker of air conditioners, lifted group net profits by nearly a fifth to Y6.23bn (US\$48.3m) in the year to last November, compared with Y5.1bn, as sales grew 5.9 per cent to Y262.5bn.

In the year which runs from next month to March 1989, Daikin expects consolidated net profits to rise to Y7bn on sales of Y278bn. The company is changing the start of its financial year, leaving the current four-month transition period in which it forecasts net profits of Y1bn on sales of Y84bn.

Daikin exports a relatively small proportion of its output and has benefited from strong construction activity at home.

On a pre-tax basis, profits were up 23.9 per cent in the latest year to Y14.49bn and are forecast to reach Y2.5bn in the current four months and Y15.5bn for the year which follows.

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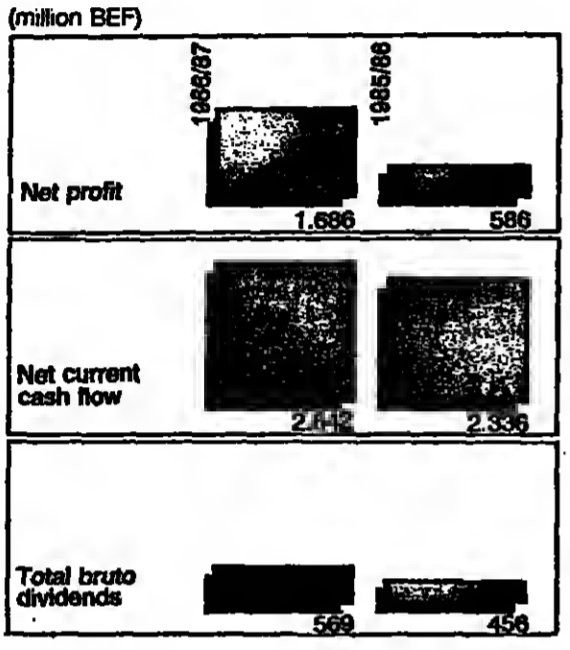


Raffinerie Tirlemontoise S.A. results 1986/87

Our company has undergone profound change during the year.

Following the division of RT Holding and Raffinerie Tirlemontoise, the latter was successfully floated on the Brussels Stock Exchange in May.

We have consolidated our position in a stagnant European market, partly by launching a low caloric cube sugar: Ti-Light. We were also able to export for a satisfactory return, our sugar outside the EEC in spite of the current difficult conditions prevailing in the international market place.



- Turning to 1987/88, we are optimistic that the results will continue to be encouraging for the following reasons:
1. Sales will be stable.
 2. Savings from a reduction in production and general expenses will more than compensate for increased charges from the EEC.
 3. The conclusion of negotiations on potential acquisitions in the near future, will boost our diversification effort in the food sector.

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March 1988

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In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from March 8, 1988 to June 8, 1988 the Notes will carry an interest rate of 7% per annum. The interest payable on the relevant interest payment date, June 8, 1988 will be U.S. \$178.89 per U.S. \$10,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

March 8, 1988

The Hongkong and Shanghai Banking Corporation (Incorporated in Hong Kong with limited liability)

U.S. \$400,000,000 PRIMARY CAPITAL UNDATED FLOATING RATE NOTES (SECOND SERIES)

Notice is hereby given that the Rate of Interest has been fixed at 7% and that the interest payable on the relevant interest payment date June 8, 1988 in respect of \$5,000 nominal of the Notes will be \$398.44 and in respect of \$100,000 nominal of the Notes will be \$1,788.89.

Agents: Citibank, N.A. (CIBank Dept.), Agent Bank

CITIBANK

INTL. COMPANIES AND FINANCE

Pirelli throws a counter punch

John Wyles and Paul Betts on the European bid for Firestone

FOR AN Italian company, the Pirelli group is unusually sparing in its public comment. So one can only imagine the reaction in its Milan headquarters three weeks ago when Firestone Tyre & Rubber of the US announced it had agreed in principle to sell 75 per cent of its tyre business to Bridgestone of Japan for \$1bn.

At the very least, alarm and despondency must have prevailed. The Japanese were making off with a prize for which Pirelli had declared itself a suitor only a few days earlier. Whether or not Pirelli's proposal to Firestone for the two to negotiate the sale of the US company's tyre business was a factor in speeding up the Bridgestone agreement is open to conjecture. More certain is the fact that the proposed Firestone-Bridgestone deal was a double blow for the Italian tyre and cable manufacturer, run by the elegant, publicly shy Mr Leopoldo Pirelli, 62.

It took out of play the one leading American acquisition which was both financially affordable and practically suitable for Pirelli. By the same token it transformed Bridgestone from a largely Japanese manufacturer into a potentially important rival in European and American markets.

With Sumitomo in control of Dunlop, the possible arrival of a second Japanese manufacturer has been of concern not just at Pirelli but at other European tyre companies.

Little wonder, therefore, that Pirelli felt bound yesterday to launch an audacious \$1.93bn takeover bid for all of Firestone. The bid is the largest attempted foreign acquisition by an Italian company.

It substantially outstrips the bid for control of Societa Generale di Belgique, the Pirelli move reflects a similar concern to be a key global player in the 1990s.

With its 130 factories in 16 countries, Pirelli is already a highly international company. But it has consistently failed to either build or acquire US assets during a decade of crucial restructuring in international tyre manufacturing.

Since the \$1.2bn-a-year US market takes about one third of the world's annual car and truck tyre production, this is the glaring lacuna in an otherwise successful rebuilding strategy.

Thanks to plant closures, technological innovation and successful new products, the Italian company has been enjoying steadily increasing profits since it ended a decade of losses in 1980.

Nevertheless, Pirelli holds only 1 per cent of the US car tyre replacement market compared with Michelin's 10 per cent, Goodyear's 15 per cent and Firestone's 9 per cent.

Its sales of truck replacement tyres yield a somewhat better 4 to 5 per cent share, but this is still less than Bridgestone's 7 per cent and well below Michelin's 18.5 per cent and Goodyear's 22 per cent.

A successful takeover of Firestone would raise its European market share for replacement car tyres from 10 to 16 per cent, second only to Michelin's 30 per cent. Pirelli would also rise to second place in the truck sector, with 15 per cent compared with Michelin's 40 per cent.

Globally, Firestone-Pirelli tyre sales would exceed \$5bn, placing the merged company behind Goodyear and Michelin.

Pirelli's market strategy in recent years has been higher value-added products based on the second generation of its "ultra-low profile" high performance units pioneered in the early 1970s.

Sales appear to have enjoyed the fruits of the boom in demand for cars such as Volkswagen's Golf GTI and the Ford Escort XR3i.

Low-profile radial tyres for truck markets are also being produced out of increasingly automated plants. Pirelli's constant search for higher productivity, and lower costs prompted proposals last month to reduce its Italian workforce from 9,500 to 6,500.

Pirelli does not publish consolidated accounts and its shareholding structure is fragmented. The Milan-based Pirelli and Company owns about 18 per cent of two different holding groups - one Italian and the other Swiss - which in turn control worldwide operations.

The company publishes "aggregate" net profits which, in the year ended June 1987, climbed 39 per cent to \$1.1m on sales of

\$1.7m. The company is expected to announce shortly that full 1987 sales reached \$5.5m, of which 44 per cent came from tyres. Pirelli says that it has "irrevocable" lines of credit with which to finance the Firestone acquisition. Its advance agreements with Michelin should enable it to recoup up to \$800m of the purchase price.

The open question at the moment is whether it faces a bidding battle with Bridgestone, the Firestone board or both. Although some New York analysts think that Bridgestone was paying over the odds for just 75 per cent of the Firestone tyre business, one senior executive at another European tyre company claims yesterday it would be a cheap deal for the Japanese.

In which case, a net purchase price for Pirelli of \$1.1bn to \$1.2bn for all of Firestone's tyre business would seem to be equally advantageous.

The Michelin tyre company has always had three important characteristics. It is one of the most secretive companies in the world, it has always been a technological leader in its field, and it has

always been a do-it-alone company. But when Bridgestone proposed to team up with Firestone, Michelin could not remain indifferent.

The Firestone-Bridgestone alliance seriously threatened to change the current balance of power in the world tyre market with Bridgestone commanding the lead in Japan, Michelin number one in Europe, and Goodyear at the helm in North America.

So it was not difficult for the French group to back the efforts of Pirelli to try to defeat the Japanese move. But with its traditional low profile, Michelin made it clear yesterday that it was not playing a leading role in the Pirelli counter bid for Firestone.

However, the purchase of Firestone assets from Pirelli, if completed, would represent the biggest acquisition ever undertaken by the French tyre group, which has always opted for internally generated growth.

It would also help Michelin's efforts to increase its penetration of the US tyre market and enhance its ambitious efforts to increase its presence in Brazil. In North America, in one of the boldest foreign investment programmes undertaken by a French company, Michelin has spent about \$1bn since the mid-1970s to build a network of nine tyre plants. At the same time, the company set up a marketing network of about 8,000 independent dealers.

But with Firestone's "Master Care" business it would acquire a specialised network of a further 1,500 dealers, boosting the French group's overall penetration of the US market.

In Brazil, Michelin has already invested heavily in the truck tyre business, with two plants and plans to double production.

Since Pirelli already has a significant position in Brazil, the Italian company would have had difficulties in absorbing the Firestone operations there. However, these operations would short-cut Michelin's efforts to increase its presence on the market.

After a string of heavy losses and major restructuring, Michelin has returned to profit. It broke even in 1985 and reported net earnings of FF2.9bn (\$333.3m) on sales of FF9.6bn in 1986.

Profits in 1987 are expected to be sharply higher than the previous year. With its financial confidence restored, Michelin now appears to be keen to embark on an aggressive expansion programme.

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NOTICE OF MEETING TIME ASSURANCE SOCIETY, Registered Office: 80 Union Street, Oldham, Greater Manchester.

IVORY AND SIME (GUERNSEY) LIMITED ATLAS FUND advertisement listing various investment portfolios.

U.S. \$275,000,000 of which U.S. \$200,000,000 is being issued as the Initial Tranche The Bank of New York Company, Inc. Floating Rate Subordinated Capital Notes due 1997.

Holmen increases dividend as net earnings surge

HOLMEN, THE Swedish pulp and paper group which is Europe's leading newsprint producer, reported a 66 per cent surge in 1987 profits before extraordinary items, to SKr600m (\$100m) from SKr350m (\$57m) in 1986. Sara Webb writes from Stockholm.

Group sales increased by 20 per cent to SKr7.66bn. The board proposed raising the dividend from SKr2.25 to SKr2.75.

The improvement in profits stems mainly from strong demand for newsprint last year. Holmen believes that prospects for 1988 remain good.

Production at the newsprint operations, which account for nearly half the group's sales, increased last year as mill use was made of new capacity at plants.

Mr Gunnar Engman, who succeeds Mr Christer Zetterberg as managing director this month, said the market for newsprint was extremely strong last year, largely because of high advertisement expenditure.

Bank Julius Baer pays more and plans rights

BANK JULIUS Baer, the Swiss bank, is lifting its dividend from 18 per cent to 19.5 per cent for 1987 following a 13 per cent improvement to SFr32.2m (\$28.2m) in net profit.

The bank also plans what it described yesterday as an "attractive rights issue." Details will be announced at the annual meeting in June.

In the meantime, the bank's capital is to be raised by a nominal SFr10m to SFr125m.

Baer said that in spite of the stock market crash and the dollar's decline, 1987 was a good year. Net commission income rose by 17 per cent to SFr149m, of which 85 per cent originated from securities business.

Income from foreign exchange and precious metals trading increased by 23 per cent to SFr52m and net interest earnings by 21 per cent to SFr26m. Income from securities held dropped 5 per cent to SFr50m.

Operational profits for the first two months of 1988 were substantially higher than the monthly average for 1987.

The bank's balance sheet total was up 12 per cent to about SFr3.4m as part of the consolidated assets of the Baer group, which rose to SFr4.3bn.

Adolph Saurer, the Swiss machinery maker, plans to acquire two textile machinery companies and form a new textile division. Saurer said the merger would reinforce the companies' market positions.

Standard Chartered advertisement for Standard Chartered PLC, featuring details on US\$400,000,000 Undated Primary Capital Floating Rate Notes.

MoDo advertisement for Mo och Domsjö AB, featuring details on a revolving acceptance facility and revolving credit facility.

Bank Julius Baer advertisement listing various international branches and correspondent banks.

Bank Julius Baer advertisement listing various international branches and correspondent banks.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

GPA seeks increase in financing

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

GPA GROUP, the international aircraft leasing company based at Shannon in the Irish Republic, has surprised creditor banks with a request to increase the amount of a financing raised last year.

Adjustments to the amortisation schedule, which will reduce the average life of the financing but leave a larger "balloon" payment at the end.

GPA said in January that it intended to buy a further 22 of the 150-seat 787 aircraft, estimated to be worth more than \$500m.

Meissner leaves Dresdner Bank

By Haig Simonian in Frankfurt

MR MICHAEL MEISSNER, whose appointment last year as head of international investment banking at Dresdner Bank caused some surprise among West German bankers, has left the bank unexpectedly.

Eurosterling in demand but no further issues

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

INTERNATIONAL bond markets had a quiet day yesterday with a very small number of new issues emerging and most secondary trading becalmed, though sterling bond dealing was active.

From July 1, companies seeking a listing for the first time will have to comply with a first phase of tighter rules, while those already listed will have until January 1, 1991, to fall into line.

Swiss franc bonds traded quietly and showed little price movement. The SF150m 5 1/2 per cent issue by Bona Finance ended its first day's trading at 99 1/2, compared with a par issue price.

Lloyds sets up private bank in Geneva

BY WILLIAM DULLFORCE IN GENEVA

LLOYDS BANK, the smallest of the big four British clearers, has set up an international private banking group based in Geneva.

Swiss-based investment funds by Finanz und Wirtschaft of Zurich, covering the year to November 8, ranked four of Lloyds' six funds first in their respective categories.

It is thought that Citicorp, which had no comment yesterday, is hoping that the reductions now proposed in the deal's complexity, and the higher margin, will bring in more banks to the deal.

Dutch to restrict bid defences

BY LAURA RAUN IN AMSTERDAM

DUTCH COMPANIES' notoriously protective anti-takeover defences will be gradually dismantled to prepare for the 1992 completion of a single European market in goods and services.

From July 1, companies seeking a listing for the first time will have to comply with a first phase of tighter rules, while those already listed will have until January 1, 1991, to fall into line.

Under a second phase of self-regulation, to be implemented in consultation with the business community, the stock exchange hopes to see such temporary weapons as "poison pill" and "crown jewel" disposals banned during a public bid.

Besley to chair Commonwealth Banking

BY BRUCE JACQUES IN SYDNEY

MR PAUL KEATING, Australia's Treasurer, has caused surprise by appointing Mr Tim Besley following a stint as head of the federal government-owned Commonwealth Banking Corporation.

Mr Besley, aged 60, is a former public servant, who took up the top job at Monier in 1982 following a stint as head of the federal Department of Business and Consumer Affairs.

Late last month, the ACI board was still telling shareholders not to accept the bid and publicly attacking its former leading shareholders, the AMP Society and Westfield Capital Corporation, for selling to Beadle.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Bond Name, Issued, Maturity, Bid, Offer, Last, and Yield. Includes sections for US DOLLAR STRAIGHTS, EURO STRAIGHTS, and CONVERTIBLES.

London and Manchester raises £150m

By Richard Waters

LONDON AND Manchester, the quoted financial services group, has raised £150m to fund its expansion in the UK in an unusual leveraged deal supported by Dresdner Bank.

Advertisement for THE MITSUI BANK, LIMITED. Includes logo, company name, U.S. \$200,000,000 2 5/8% Convertible Bonds Due 2003, Issue Price: 100%, and a list of international partners.

Euroyen paper issues delayed

PERMISSION for Japanese residents to issue Euroyen commercial paper, which had been widely expected to be granted next month, is now likely to be delayed until the legal status of CP is clarified.

Table with columns for Bond Name, Issued, Maturity, Bid, Offer, Last, and Yield. Includes sections for EURO STRAIGHTS, EURO CONVERTIBLES, and EURO CDS.

UK COMPANY NEWS

Video and hi-fi shortfall restrict BSR growth

BY ANDREW HILL

BSR International, the Hong Kong-based electronics group listed in London, announced pre-tax profits for 1987 up 38 per cent at £16.4m, against £11.9m in 1986. Disposals in the next year will take BSR out of the mass consumer market, allowing the group to concentrate on its core businesses, electronics — mainly power conversion equipment — and communications.

Mr Brian Christopher, chairman elect and chief executive, said that yesterday's figures, slightly below most forecasts, were held back by a poor performance from the group's sound and vision sector.

The board had expected trading profits of £2.4m or £2.5m, but the division made only £900,000. The video and hi-fi subsidiary, diva, will probably be sold within the next few weeks.

BSR also plans a £40m or £50m November flotation for Swan Housewares, which makes household electrical products. The integration of Swan and Girml, the Italian housewares company purchased last October, should be complete by November and BSR hopes to keep a 40 per cent stake in the combined company.

Operating profits from the electronics sector rose to £11.1m

(£7.8m) and the communications sector, which produces cellular telephones, satellite communication systems and light emitting diode (LED) display boards, increased profits to £2.3m (£800,000).

Total turnover for the group dropped to £209.5m (£248.5m) following the October sale of Capetronic, consumer electronics subsidiary, and the disposal of Tenby Industries, electrical and engineering group, by public flotation in 1986.

The group now averages exchange rates for the year. At year-end rates 1987 profits would have been £15.2m (£11.7m) before tax.

Tax holidays in the Far East and previous tax losses in Europe helped keep the tax charge down to 4.3 per cent (10 per cent) and earnings per share increased from 6.44p to 9.42p. The directors are recommending a final dividend of 2.55p making a total of 3p (2.7p) for the year.

BSR recorded extraordinary gains of £4.6m, principally from the disposal of its remaining 40 per cent stake in Tenby Industries and 50 per cent of X10, switching systems distributor.

Mr Bill Wylie, chairman, will be succeeded by Mr Christopher

at the forthcoming annual meeting.

comment

The planned sale of diva will finally take BSR out of the hi-fi market, distressing thousands who owned a BSR turntable to the old company's Beyday, delighting even more who have watched the group's aim down to become an electronics and communications specialist. As a designer of custom-built high and low-voltage power conversion systems for everything from X-ray machines to nuclear plants, and a player in the growing market for satellite communications and cellular telephones, BSR looks set for a strong future to the area its directors know best. The board is aiming for a 60-40 split in turnover between the electronics and communications divisions and, with order books filling fast, foresees increased margins to both areas this year, as well as possible complementary acquisitions. Yesterday the shares dipped 2p to close at 85p and pre-tax profits of £16m and a tax rate of 8 per cent would put them on a prospective p/e of about 7.5, good value for the sector.

MS Int directors lift stake to 5.6%

By Clay Harris

THREE directors of MS International have raised their stakes in the mechanical and engineering group which is fighting a £24m takeover bid from Dobson Park Industries, the mining equipment and industrial electronics company.

The purchase of 100,000 shares on Friday at an average price of 125p raises MS directors' aggregate beneficial interest to 5.6 per cent. They also have non-beneficial interests totalling 2.2 per cent.

Although MS shares yesterday fell 9p to 120p, the market price is still considerably above the 81p value of Dobson Park's shares-and-cash offer. The bidder's shares lost 1p to 102p. Dobson Park has until Friday to increase its offer.

United Scientific

United Scientific Holdings, the defence equipment group, said yesterday that it might launch a takeover bid for Varo, a Dallas-based night vision equipment manufacturer.

USH said it approached the Varo board with an offer of \$17.50 per share in February but was rebuffed. It now says that it may launch a tender offer if it cannot reach a merger agreement. The British company already owns Optic Electronic - a Dallas-based company with similar interests to Varo - and it hopes to combine the two groups.

USH has built up a 6.5 per cent stake in Varo over the last three months at prices of between \$10.50-\$12.50 per share. A full bid at \$17.50 per share would value Varo at \$77m.

Doubled Persimmon profit beats forecasts

BY ANDREW HILL

Persimmon, housebuilder, more than doubled pre-tax profits to £22.5m for the year to end-December, and increased gross profit margins to 17.1 per cent (13.1 per cent), well ahead of most expectations.

The York-based group completed the sale of 1,714 houses in 1987, against 1,215 in the previous 12 months, at an average selling price of £42,992 (£38,198), and increased turnover to £73.7m (£66.4m).

The group has already made 1,500 forward sales for 1988, and expects to top 2,000 by the end of the year.

Mr Duncan Davidson, chairman, said the growth in average house prices was likely to continue at about 15 per cent, with East Anglia one of the fastest growing areas.

The group holds a land bank of about 9,000 plots, which should supply about four years' demand. Mr Davidson said that the rising cost of land meant Persimmon was increasingly taking options to buy land it might need in the long term, rather than buying it at inflated prices.

Persimmon now has 11 companies, having recently opened new businesses in the Thames Valley and in south-east and north-west England.

Mr Davidson said yesterday the company was able to take on residential developments in most areas of strong demand. "Our operating businesses really can cover most of those areas of England and central Scotland we want to be in."

Earnings per share rose 88 per cent to 13p (7p) and the directors are recommending a final dividend of 1.5p, making 2.25p (£57p) for the year.

comment

Persimmon's figures beat almost all City expectations, with every established operating company producing record profits. The group's managers — mostly born and bred in the regions they manage — seem ideally placed to make shrewd deals for the company; only last week Persimmon bought a Scarborough property developer for £1m, valuing the land which can be developed immediately at £20,000 an acre — about half the going rate. Such deals should boost Persimmon's profits again this year, with well over 2,000 sales likely and margins set to improve. Gearing rose from 86 per cent to 53 per cent last year as the group expanded, but the directors are adamant that this is short-term debt and forward sales cover the £13m borrowings at least three times. Analysts have increased their 1988 profit forecasts to about £17m, or £18m before tax, which puts the shares — up 7p to close at 168p last night — on an undemanding multiple of about 9.

Walter Lawrence buys

BY FIONA THOMPSON

Walter Lawrence, housing West Venture's after-tax profits development and construction company, has paid \$4.7m (£2.61m) to acquire a 51 per cent stake in West Venture Developments, a southern Californian housing developer.

Walter Lawrence is to purchase the remaining 49 per cent at some period between two and seven years from now. The price in the Antelope Valley and Great San Bernardino areas of southern California will be six times the average of

THE U.K TEXTILE INDUSTRY

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FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

Consumer switch boosts Greggs

BY PHILIP COGGAN

THE BRITISH public is combining its taste for healthier breads such as wholemeal and crusty white with an increased appetite for cream buns and confectionery according to Greggs, the Newcastle-based bakery retailer.

Greggs has benefited from the shift in consumer taste away from supermarket sliced white bread and towards freshly-baked products. The company was able to announce a 27 per cent increase in pre-tax profits to £4.27m (£3.25m) for the year to December 26.

Turnover was up 11 per cent to £81.1m (£69.8m) but investment in more efficient plant helped reduce unit costs. Thirteen new shops were opened in 1987 and six were closed or sold; 19 were refitted to the company's new design.

Mr Mike Darrington, managing director, said sales in existing shops rose by 6.5 per cent and the rest of the increase came from new shops and acquisitions.

However, one acquisition in Enfield had disappointing results and the division is in the midst of a comprehensive reorganisation and refurbishment programme. It is expected to make a further loss this year.

Greggs had around £4m in cash on the balance sheet and said it will be able to fund this year's capital expenditure of around £5m from cash flow.

After tax of £1.58m (£1.31m), earnings per share were 33 per cent higher at 24.8p (18.7p). The board is recommending a final dividend of 5p (3.7p) making a total of 7.5p (5.7p).

comment

Mild winters and cold summers are good news for retail bakers — so given the British climate, Greggs should be coming in for years. Should the unthinkable happen in 1988 — and the sun start to shine — Greggs' short term growth might be limited. But the long term prospects for the group are good. If the fashion for healthier food continues, fresh baked bread sales will continue to rise. If the British return to loving carbohydrates, Greggs can concentrate on its sticky buns and cakes. Greggs shops are concentrated in only a small part of the country, so there is plenty of mileage to be gained from opening stores in new areas and cash-flow is more than adequate to cover the company's expansion programme. The shares are solid, rather than exciting investments; on a prospective p/e of 13.5, assuming pre-tax profits of £5m this year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
BSR	3p	June 3	2.1	3	2.7
Greggs	5p	May 27	3.7	7.5	5.7
Raywood Williams	6p	5	5	9.5	7.95
High-Point Servs	2	Apr 11	1.75	3	4.5
Low & Bonar	4.15	May 9	3.6	6	5.35
Palma Group	2	July 1	1.68	3	2.5
Parker Knoll	7	Apr 22	5	12	18
Persimmon	1.5	-	1.05	2.55	1.88
Sumit	3	-	1.2	4	3.7
Weyvale Garden	2.17	-	-	2.9	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market. †Gross throughout.



1987 AUDITED RESULTS

BSR INTERNATIONAL PLC AND SUBSIDIARY COMPANIES

HIGHLIGHTS FROM THE AUDITED FINANCIAL STATEMENTS:

	1987 £million	1986 £million
Turnover	209.5	348.5
Operating profit	17.1	15.2
Net interest payable	(1.2)	(4.5)
Profit after interest	15.9	10.7
Share of profit in related companies	0.5	1.2
Profit before taxation	16.4	11.9
Taxation	(0.7)	(1.2)
Earnings	15.7	10.7
Extraordinary items	4.6	(0.2)
Profit attributable to ordinary shareholders	20.3	10.5
Dividends paid and proposed	(5.1)	(4.5)
Retained profit	15.2	6.0
Earnings per 10p share	9.42p	6.44p
Dividends paid and proposed per 10p share	3.00p	2.70p

Note: The above audited financial information does not represent full financial statements within the meaning of section 239 of the Companies Act, 1985. An unqualified auditors' report will be given on the 1987 financial statements.

HIGHLIGHTS FROM THE CHAIRMAN'S STATEMENT:

1987 was a very successful year for your Company in that it further consolidated its position as one of the world's leaders in that sector of the electronics field in which it specializes. Although the market price of our shares has been savagely cut back as a result of the world-wide stock market crash last October, your Company has been unaffected by these events and indeed, is now well positioned to enable the Group to take advantage of some of the many opportunities for expansion which have since presented themselves.

W.R.A. WYLLIE
CHAIRMAN

BSR INTERNATIONAL PLC

Head Office: 2/F Kaiser Estate, Phase II, 51 Man Yue Street, Hung Hom, Kowloon, Hong Kong.
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UK COMPANY NEWS

Coloroll in for surprise - Norcros

BY CLAY HARRIS

Norcros, building materials and packaging group, threatened yesterday to bid for Coloroll if the home furnishings company tried to use its 2 per cent stake to launch a hostile takeover bid for Norcros.

est swirl of takeover speculation to bedevil Norcros, which last April only narrowly defeated a \$540m bid from Williams Holdings, the building products company.

Electronics businesses sale planned by Low & Bonar

By Maggie Urry

Low & Bonar has decided to sell its electronics businesses following disappointing results from the division in the year to November 1987.

Plessey acts as white knight in bid for Canadian defence group

BY DAVID THOMAS

Plessey, the British electronics group, is seeking to enter the Canadian defence market through a \$100m (\$44.1m) bid for Leigh Instruments, an Ottawa-based defence electronics manufacturer.

some caution expressed about its greater dependence on the North American defence market. Canada has recently embarked on a sizeable expansion of its defence spending, although some observers believe this might be pared back after the general election expected later this year.

Acquisitive Heywood Williams over £20m

BY DAVID WALLER

Heywood Williams Group, Hindersfield-based glass and aluminium specialist, yesterday reported pre-tax profits of £20.2m for 1987 compared to a restated £10.5m in 1986.

businesses in both the glass and aluminium divisions. The current year had started "strongly ahead" of 1987, with the first two months "well ahead" of budget.

Virani £88m property buy

BY CLAY HARRIS

Control Securities, the property and leisure company headed by Mr Nazim Virani, is to pay Mountheigh Group £88m in cash and shares for 17 freehold and four long leasehold properties.

nearly evenly split between London and elsewhere in Britain. Apart from the Suffolk estates, the properties produce annual rental income of £4.2m. Most have early reversions.

Palma under pressure in 22% advance

BY ALICE RAWTHORN

Palma Group, the hostery, knitwear and clothing manufacturer, yesterday unveiled a 22 per cent increase in pre-tax profits to £2.1m for 1987 despite a poor performance from its main customers - the multiple retail groups - towards the end of the year.

well until the fourth quarter when the disappointing sales of the multiples depressed its turnover growth.

Birmid says defenders should be compensated

BY MICHAEL SMITH

Birmid Qualeast, the home products company, believes that companies which find off-unwelcome takeover bids should be compensated for the costs of their defence.

Royal Ins lifts stake in estate agency offshoot

By Nikki Tall

Royal Insurance, UK composite insurer, plans to raise its minority stake in Fox Property Services, one of its three main estate agency chains to 65.4 per cent.

ABERCOM GROUP LIMITED UNAUDITED INTERIM REPORT for the six months ended 31 December 1987. Includes financial tables for turnover, profit, and balance sheet.

Williams Hlds to sell sealants side for £7.5m. By Michael Smith. Williams Holdings, the industrial group, is to sell sealants company Klammox to Products Research and Chemical Corporation of the US, for \$7.45m.

Palma Group Pretax profits up 22% reports Peter Bailey, the Chairman. Includes financial highlights and commentary on the company's performance.

Palma Group MANUFACTURER AND DISTRIBUTOR OF KNITTED PRODUCTS. Includes detailed financial statement with turnover, profit, and earnings per share data.

Tough line from Treasury over unhonoured BP share payments. BY STEVEN BUTLER. TUGH letters warning of possible legal action have been sent to British Petroleum share applicants who have failed to honour cheques written to pay for their subscriptions in October.

Galliford INTERIM FINANCIAL STATEMENT (Unaudited) 6 months ended 31.12.87. Includes financial tables for turnover, profit, and earnings per share.

UK COMPANY NEWS

Christmas boost for Wyevale

BY FIONA THOMPSON

ANIMATED dwarfs and Father Christmas dropping in by helicopter helped Wyevale Garden Centres boost pre-tax profits by 27 per cent to £754,000 for the year ended December 31 1987. The advance on sales 25 per cent ahead at £7.94m compared with £6.36m.

Wyevale made a big effort at Christmas, selling trees and top Norwegian quality decorations, said Mr Brian Evans, chief executive. This helped to lift the traditionally quiet months of the year.

Wyevale, one of the major specialist garden chains in the country, has 16 centres throughout England and Wales, ranging in size from two to 14 acres. The company is waiting for planning permission on three further sites in the West Midlands, which it hopes to open for trading next

spring.

All but one of the 16 centres have franchise operations alongside the sites, including swimming pools, garden sheds, greenhouses, double glazing and restaurant facilities. Franchising accounted for £240,000, or 32 per cent, of pre-tax profits. Pets are also on sale at eight centres, five on a franchise basis, three operated by Wyevale.

Most of the rise in sales was volume based, said Mr Evans. "We had more customers coming through the doors, about 10 per cent up on last year". Apart from opening new sites, the company is looking for existing businesses to acquire, said Mr Evans. "Gardening is a popular hobby. There are many possibilities for growth."

The tax charge was £207,000,

compared with £204,000 last time, and interest payable was £104,000 (£114,000). Earnings per share rose to 8.5p, against 7.5p. A final dividend of 2.17p was recommended, making a total for the year of 2.9p.

Comment

These figures are jolly good when you consider how run the weather was last spring and summer. Clearly Wyevale's move to become a garden centre with a difference are paying off. With the added attraction of rabbits and parrots, restaurants and wood burning stoves, a visit to a centre becomes a Sunday outing rather than just somewhere to buy the odd plant. To keep up the good growth rate the company will need to continue its policy of

developing new sites or acquiring existing ones - and there is certainly not a shortage of the latter. This year has started pretty well, the sun pulling the gardeners out with a vengeance. Forecasts of just over £1m pre-tax profits produce a prospective p/e of 14, fairly rated.

HS Canada up 17%

Hevker Siddaley Canada, subsidiary of the UK electrical and mechanical engineering group, saw its pre-tax profits for 1987 rise 17 per cent from C\$94.25m to C\$39.96m (£18m).

This increase was achieved on sales reduced from \$418.57m to \$386.78m. Tax was up at \$15.6m (£14.3m). This resulted in earnings per share of \$2.52 (\$2.51).

COMPANY NEWS IN BRIEF

FERGUSON INDUSTRIAL Holdings has purchased Design Mark Industries for \$8.1m (£1.72m) cash. DMI, based in Massachusetts, prints on plastic-based products for use in the computer, automotive, marine, aircraft and photographic equipment industries.

AEROSPACE ENGINEERING said 3.9m shares (94.2 per cent) of the rights issue had been taken up. There will be no distribution to shareholders not taking up their rights.

CASLETOWN PRESS had turnover of £433,000 and pre-tax profit of £64,000 for half year ended October 31 1987. Earnings 4.37p. Company said cash position was strong and a number of acquisitions were under investigation.

EVERED HOLDINGS has dis-

posed of two subsidiaries from its polymers division, generating cash of £1.5m. The sale forms part of the rationalisation of Halite and allows development of core activities. Halite Elym was sold for £7,000 and repayment of £398,000 loans, while Halite Plastics was sold to C.B. Industrials for £27,000 and repayment of £207,000 loans. CHI has also purchased the privately owned Aldo-Monta (maker of seats for ships) for an initial £552,000 cash.

JOS HOLDINGS, investment trust, reported a net asset value of 163.9p at January 31 1988 against 172.5p a year earlier but down on the 242p at July 31 1987. The interim dividend has been raised from 0.96p to 1.05p from earnings for the six months to the end of January of 1.83p, against 1.24p.

KLEINWORT SMALLER Companies Investment Trust raised net asset value from 438.2p to 480.5p in year ended January 31 1987. Investment income £705,014 (£604,467). Tax £163,266 (£172,147) and earnings per share 9.5p (9.52p). Final dividend 6.35p making 3.7p (3.3p) total. Two-for-one scrip issue proposed.

MONOTYPE CORPORATION has acquired the machinery division of Spicers Asia, part of Price and Pierce, for £220,000. Turnover is \$2m per annum.

OLD COURT International Reserves reported gross revenue bank deposit interest - of US\$17.88m (£9.8m) for the half year to December 31 1987 compared with \$17.5m for the comparable period in 1986. Net revenue came in at \$15.4m (£10.6m) and

net assets stand at \$430.6m (£396.4m).

SUMIT, development and capital venture investment group, reported earnings 5.8p for 1987 (4.5p) and final dividend 3p for 4p total (3.7p). Pre-tax income \$908,000 (£875,000) and unfranked £261,000 (£193,000). Net asset value 260p (18p). Since stock market crash prices become more acceptable. There are opportunities, particularly in West Midlands, for investment in unquoted companies.

HAVALOCK EUROPA is forming an architectural joinery division to be called Edinburgh Shopfiters. Freehold premises together with all the fixed assets have been bought from Headway Construction, part of Dea Corporation, for £208,592.

CONTRACTS

Upgrading RAF airport in Cornwall

CEMENTATION CONSTRUCTION, a Trafalgar House company, has been awarded a \$5m project by the Property Services Agency at RAF St Mawgan, located near Newquay, Cornwall. Cementation will be carrying out an eight-month repair and upgrading programme at the airport. The work will comprise the replacement of around 200 bays of pavement quality concrete top slab. At each end of the runway the company will break out a length of 60 metres of composite construction and replace with 325 mm pavement quality concrete on 200 mm rolled dry, lean con-

crete. The remaining length of the runway will be resurfaced across its full width and a new drainage system will be constructed. Runway edge lights will be repositioned and central line lighting will be raised before reinstatement of the runway markings.

A 48,000 sq. ft. Safeway superstore is being built in Folkestone, Kent, by **BOVIS CONSTRUCTION**. The £3.7m management fee contract, combining building and fitting-out work, was awarded by Argyl Stores (Prop-

erties). The eight-month contract is due for completion in October, and the store will open for trading in November.

A contract, worth up to US \$10m (£5.7m) over the next three years, has been awarded to **RACAL MARINE SYSTEMS** following its selection by the US Navy as the supplier of Hyper-Fix and QX3A precise navigation equipment for use in mine counter measures (MCM) and related operations.

The contract, which follows on from a similar supply contract awarded to Racal in 1984, makes

provision for the supply of Hyper-Fix shore stations, shipboard receiving and track guidance systems, and MCM helicopter receivers. Hyper-Fix shore station remote control and monitoring facilities, which can be refitted to shore networks, and training simulator equipment, also form part of the contract.

The Hyper-Fix 2 MHz phase comparison precise positioning system, developed for a variety of applications including the offshore oil industry, was introduced in 1982. Typical accuracies are up to five metres out to a range of 250 km.

APPOINTMENTS

Changes at French Connection Group

FRENCH CONNECTION GROUP has appointed Mr Stephen Kosnowski as group finance director from May 1. Mr Nick Burman, group financial controller, becomes company secretary. Mr Kosnowski joins from Local London Group where he was group financial controller. Mr Michael Sheu, currently group finance director, is leaving on May 1 to pursue personal business interests.

LILLYWHITES has promoted Mr Patrick Woodall, sales and marketing controller, to director level. Mr Stephen Richards has joined the company as merchandise controller.

Mr Boh Bowyer has been appointed general manager insurance processing and accounts, of **AA INSURANCE SERVICES**. He was executive manager, insurance accounts.

Mr Roger J. Winter has been appointed a director of **ROPNEK**, Darlington.

TOUCHE REMMANT INVESTMENT MANAGEMENT has appointed Mr John Alexander, Mr Brian Ashford-Bussell, Mr John Scott, Ms Sarah Hunter-Jones, Mr Stephen Peak and Mr Peter Wolf to the board.

TIGER TIM PRODUCTS, Mold, Clwyd, a firelighter manufacturer, has appointed Mr Christopher J. Coxon as managing director. He was with the Robert McBride Group.

Mr Robert Biddle has been appointed finance director of **EUROTHERM INTER-NATIONAL**. He joins from Siebe, where he was group chief accountant and vice president, finance, of the company's North American subsidiaries.

Mr Ron Fritchard has been appointed executive director of **MARSH FINANCIAL MANAGEMENT**. He joins from the Warwick Group where he was operations director.

Mr Brian Gould has been appointed managing director of Rossmore Warwick (Midlands), and Mr Peter Roberts as managing director of Rossmore Warwick (North). Both subsidiaries of **ROSSMORE WARWICK**.

RELIANCE MUTUAL INSURANCE SOCIETY has promoted Mr Philip Bowden to life and pensions manager. He was group pensions administration manager with Crown Financial Management. Mr Andrew Prier has been appointed deputy secretary, responsible for the personnel and mortgage and property administration departments. He joined Reliance last year.

Mr Jim Prince has been appointed to the board of **VICKERS DEFENCE SYSTEMS** as operations director, Leeds, where he was project manager. He succeeds Mr Doug Cooke, who becomes divisional manufacturing director.

Mr Rod Cartols has been appointed managing director of **CARTERS GOLD MEDAL SOFT DRINKS**.

Mr Peter Leather has been appointed director of development for **NOVOTEL UK**. He has been working for the group in New York.

STEELCASE SYRATOR has appointed Mr Charles Fossett as managing director.

Mr Patrick Phillips has been appointed a director and head of the gilt and fixed interest team at **BARCLAYS DE ZOTTE WEDD INVESTMENT MANAGEMENT**. He moves from Barclays de Zotte Wedd where he was director in charge of gilt-edged risk management. He succeeds Mr Graham Colbourne. Mr Mike Roberts' post as head of European investment will be filled by Mr Gerard Weir, who is joining from Royal Trust in Singapore.

Mr Yvov Gottesman has been appointed group chief executive of the **JACK L ISRAEL GROUP**. Mr John Alexander resigns as executive chairman on March 31 and becomes non-executive chairman. Mr Ralph Temple has been appointed a non-executive director. He was a joint managing director of Tesco. Mr Stephen Glazer, a director, resigns on March 31 to pursue private interests.

Mr Roger Hatfield has been appointed finance director of **ALPHAMERIC**. He was company secretary and a divisional director responsible for finance. He is a director of subsidiaries Alpha-medic SA (France), Real Time Developments, PC Communications, and IGG Systems. He is also company secretary of Bishopgate Terminals.

Mr Christopher C. Bowshell, managing director of Pro-Mel Electrical Components, has been appointed to the board of parent company, **FLASMOEC**.

WILLIAMS HOLDINGS has appointed Mr Jim Rigg as a non-executive director. He is finance director of Rolls-Royce.

Mr Ivan Wouds has been appointed finance manager/company secretary of **OVAKO STEEL**.

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for, or purchase, any securities.

River & Mercantile

American Capital and Income Trust PLC

(Incorporated in England and Wales under the Companies Act 1985. Registered number 2199212)

Placing by
Olliff & Partners P.L.C.

37,500,000 Capital Shares of 10p each at 20p per share
(with Warrants attached)
7,500,000 Income Shares of 25p each at 100p per share

Share Capital		
Authorised		Issued and to be issued fully paid
		Nominal Value Number
£4,500,000	in Capital Shares of 10p each	£3,750,000 37,500,000
£1,875,000	in Income Shares of 25p each	£1,875,000 7,500,000
£6,375,000		£5,625,000

The Warrants confer a right to subscribe for a total of 7,500,000 Capital Shares.

River & Mercantile American Capital and Income Trust PLC has been formed to enable investors to participate in the US securities markets by acquiring an interest in a split level investment trust company which will acquire a portfolio of US securities.

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital and the Warrants of River & Mercantile American Capital and Income Trust PLC to be admitted to the Official List.


Copies of the Extel cards containing particulars of the Capital Shares, Income Shares and Warrants are available in the Extel statistical services and may be obtained during normal business hours on any weekday (Saturdays excepted) until 11th March 1988 from the Company Announcements Office, The Stock Exchange, London EC2 and up to and including 22nd March 1988 from:

River & Mercantile American Capital and Income Trust PLC, 7 Lincoln's Inn Fields, London, WC2A 3BP

Olliff & Partners P.L.C., 32 Threadneedle Street, London, EC2R 8BA

Dated 6th March 1988.

This announcement appears as a matter of record only



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February 1988

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UK COMPANY NEWS

Sumitomo to take stake in I&S

BY JAMES BUXTON

Sumitomo Life Insurance Company, a leading Japanese financial institution, is to take a significant minority stake in Ivory & Sims, the Edinburgh-based fund management company. Sumitomo will take up to 15 per cent of I&S, by subscribing to a £7.52m share issue which will increase I&S share capital by 20 per cent. I&S is raising new funds partly to comply with a requirement by the Investment Management Regulatory Organisation (IMRO) to increase its capital base and partly to fund the development of its new retail finance business. I&S hopes to develop new joint ventures with Sumitomo Life in international investment management and other areas. Sumitomo Life has been a client of I&S since 1985 and last

year the two groups formed Sumitomo Life Ivory Asset Management, a joint venture fund management company based in Hong Kong. Mr Alex Hammond-Chambers, chairman of I&S, said that the Scottish company had been talking to Sumitomo Life for some months about the possibility of it becoming a shareholder. Sumitomo Life said it regarded the I&S stake as part of its policy of co-operating with the Scottish group. This distinguished it from the small stake - about 2 per cent - which it took in Fitzworsht Benson, at the time of the merchant banking group's rights issue last November, which Sumitomo regards purely as an investment. I&S is to issue 6.1m new ordinary shares for cash at 125p per

share, representing a premium of 13.5 per cent on the middle market quotation for March 3. Sumitomo Life has agreed to buy up to 4.6m of these shares. The new shares will be available to existing shareholders on a 1-for-4 basis. I&S's biggest shareholder, Ensign Trust, the merchant navy's pension fund, which holds 24.7 per cent of I&S, has agreed to purchase its full allocation. If no other shareholders take up the issue, Sumitomo Life would acquire a 15 per cent stake in I&S. I&S says it will have to set aside £5.1m from the proceeds of the issue to meet the requirements of the 1986 Financial Services Act. IMRO, of which I&S is a member, bases this figure on

the company's normal level of expenditure. IMRO has told I&S that from January 1 1988 it will also have to make provisions based on levels of business transacted. On current volumes of client business that will require the setting aside of a further £800,000. The rest of the proceeds from the share issue will help finance the development of a new range of financial products for the retail market. I&S recently took on a team of unit trust specialists, led by Richard Carswell from National Westminster's County Unit Trust Managers. Last year it formed a joint venture in fund management with Sumitomo Trust & Banking Company called Sumitrust Ivory & Sims, which is based in Edinburgh.

Steeley staff in chemicals buy-out

By Dominique Jackson

Steeley, the construction materials group, has agreed to sell its specialist chemical trading activities, part of Steeley Berk, to its management and employees in a deal worth \$6m. Mr Ieuan Thomas, former development director of Steeley Berk, is leading the management buyout team, all of whom have remortgaged their houses to buy a 70 per cent stake in the new company which will be known as Berk Limited. Basingstoke-based Berk is a distributor of specialist chemicals which posted pre-tax profits of more than £1m on turnover of £35m in the last financial year. The disposal is part of Steeley's longer-term strategy to concentrate on quarrying and construction-related activities. March Investment Fund and the British Gas Pension Fund are backing the buyout while the Royal Bank of Scotland is providing additional banking facilities. Mr Thomas said he intended to seek a stock market listing for Berk within the next three to five years, taking it back to the original public company status it had before it was taken over by Steeley in 1978.

Good start for High-Point with 64% rise

A 64 per cent lift in pre-tax profits, from \$801,000 to \$259,000, for the half year ended November 30 1987 is reported by High-Point Services, which moved from the USM to the main market in November. Earnings worked through at 8.88p (6.08p) and the interim dividend is raised from 1.75p to 2p. Turnover rose to £13.15m (£12m) and operating profit to £554,000 (£388,000). Associates contributed £27,000 (£146,000). The result reflected a satisfactory start to the year, said Mr Ian Reeves, chairman. The reorganisation, now substantially completed, meant that the group could accelerate the development of its core businesses in three areas - project planning, design and management; contract and commercial management consultancy; project investment and development. Mr Reeves said progress in the US had justified the investment.

Aspen buys video group for £1.3m

By Dominique Jackson

Aspen Communications yesterday announced it had agreed to acquire Edit Art, a video post-production company, for £1.3m. Aspen, USM-quoted diversified group with interests in business publishing, cellular telephones, video production and computer stationery. Aspen said it expected its own 1987 pre-tax profits, due out next month, to reach at least £3.4m, an increase of 61 per cent over 1986 with turnover up more than 50 per cent from £16.7m to £25m. The directors intend to recommend a final dividend of 3.5p, making a total of 5.1p (4.1p). Edit Art made pre-tax profits of £142,000 for the eight months to January 31 1988. For the year to May 31 1987, Edit Art made pre-tax profits of £145,000. Aspen said the acquisition of Edit Art would enhance its ability to handle the expanding volumes of video business produced by its subsidiary Aspen Spafax Television. The initial consideration of £1m will be satisfied by the issue of 256,410 new ordinary shares in Aspen. A further consideration of £300,000 will be payable when the vendor, ICT, satisfies certain conditions regarding the lease of Edit Art's operating premises.

Parker Knoll moves up 57%

By Dominique Jackson

Parker Knoll, furniture and textiles group, reported pre-tax profits up 57 per cent from £2.8m to £4.4m for the six months ended January 31 1988. Turnover rose from £27.8m to £36.4m. Mr Martin Jourdan, chairman, said the continued improvement in profitability was a result of strong organic growth in both the textile and furniture branches of the business. This was further boosted by a full year's contribution from textile designer and supplier Monkwell which joined the group in early 1987. An interim dividend of 7p (6p) was recommended. After tax of £1.4m (£856,000), earnings per share were 36p (25.8p). Mr Jourdan said Parker Knoll did not anticipate any adverse effect on business from legislation banning the use of certain types of polyurethane foam, which is due to reach the statute book next year. Parker Knoll was working on the reduction of fire risk in upholstered furniture before the proposed laws were announced earlier this year following a spate of fatal fires blamed on foam-filled furniture. Consequently, part of the range has already been re-engineered to meet the new requirements and the rest should be completed within the current financial year. Mr Jourdan added that current orders were high and output was at record levels. Furnishing Fab-



Martin Jourdan: Strong growth in both textiles and furniture was boosted by full year's contribution from Monkwell

ric sales were ahead of last year and exports were holding up well despite the strength of sterling. He said that strong demand continued for furniture from Nathan, while Lock of London oak reproductions performed exceptionally during its second year within the group. Despite intense competition in the woven curtain velvet market, sales and margins had both improved at K Haymakers & Sons and the chairman was confident that full year profits would be highly satisfactory. Comment Parker Knoll is certainly sitting comfortably as these figures and yesterday's consequent jump in the share price show. Although still best known for

producing the ultimate in reclining chairs for tired executives, the company is fast becoming a force in the lucrative designer textile market with last year's acquisition Monkwell. Another sound move was the disposal of contract carpet company Mercla Weavers which should realise £2m. Chairman Martin Jourdan could well use some of this cash for another purchase and is considering a move across the Atlantic. Parker Knoll acted early to ensure it was not caught out by the new furniture foam regulations and the emphasis of its ranges in the medium to higher-priced bracket should minimise the effect on prices which will hit the whole industry. Full-year forecasts of £2.5m give a prospective multiple of around 10.

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Tribble Harris

Two subsidiaries of Tribble Harris & Co, USM-quoted architectural and design company, have won commissions to design luxury Ritz Carlton hotels at Aspen, Colorado and Scottsdale, Arizona.

Share stakes

Changes in share stakes announced in the past week include: Goode Durrant - Devon Associates, which is ultimately controlled by Waxing family trusts, is interested in 6m shares (12.27 per cent) following the purchase of 110,000 at 125p on February 24. James Wilkes - the consortium of three directors, Mr Stephen Hincliffe, chairman, Mr Arthur Watt and Mr Andrew Hartley, now holds a 29.64 per cent stake having acquired a further 100,000 shares at 170p. Wisnet Securities (Holdings) - Canal Holdings & Properties has increased its holding to 2.82m shares (12.2 per cent). Telfos Holdings - The Chillington Corporation has reduced its stake below 5 per cent with the sale of 635,000 shares on February 28. Roosey and Hawkes - After raising its holding to 245,000 shares (3.79 per cent) United East India Company, a subsidiary of Ensign Trust, has sold the holding to Windjammer, a Filinvest offshoot. Gannett Photographic - Mr S H Robertsshaw holds 264,000 (10.5 per cent) after buying 10,000 shares. Chelsea Artisans - Mr C B Smith, director, bought 1,500 shares at 125p on January 18. Appleton Holdings sold 25,000 shares at 120p on February 23 and holds 396,000 (20.57 per cent). Barlows - Mr N W Berry, chairman, sold 107,000 shares at 72p, reducing his holding to 2.46m (18.37 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official notices are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's finalities.

TODAY

Interrim-Continental Microviva, E. Green and Partners, Marconi, Marwick Moore, Miller and Eastwood, Pensions Media Trust, Pensions, Wilsons Director.	
Friday	Abbey Trust, Allied Parmenterie Anglo American Industries, Biogen, Bluebird Toys, Chrysler, City Merchant Developers, Commercial Bank of the New East, Overseas, Espanet International, Lambert Hovsch, Leisure Investments, Paragon Communications, Penna, Perry Group, Sava and Frueger Cash Fund, Spang.
Future Dates	
Atwoods	Mar 9
G.T. Ventura	Mar 17
Banks	Mar 19
London and Metropolitan	Mar 23
North Capital	Mar 24
Pacific Sales	Mar 8

KANSALLIS-OSAKE-PANKKI
Y10,000,000.000
Subordinated Reverse Floating
Rate Notes due
15th August, 1991

For the six months 15th February, 1988 to 15th August, 1988 the Notes will bear an interest rate factor at 4.1745%. Y41,745 will be payable on 15th August, 1988 per Y1,000,000 principal amount of Notes.

KANSALLIS-OSAKE-PANKKI
Y10,000,000.000
Subordinated Reverse Floating
Rate Notes due
5th September, 1991

For the six months 7th March, 1988 to 5th September, 1988 the Notes will bear an interest rate factor at 3.9508%. Y39,508 will be payable on 5th September, 1988 per Y1,000,000 principal amount of Notes.

KAWASAKI STEEL CORPORATION
Y10,000,000,000
Reverse Floating Rate Notes due
5th September, 1991

For the six months 7th March, 1988 to 5th September, 1988 the Notes will bear an interest rate factor at 3.9508%. Y39,508 will be payable on 5th September, 1988 per Y1,000,000 principal amount of Notes.

Yamachi International (Europe) Limited
Reference Agent

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	div 1987	% P/E
206	133	As. Brit. Int. Railway	188	-1	8.9	47.70
207	145	As. Brit. Int. CUS	208	-1	10.0	5.3
41	23	Amalgamated	28	0	0	-
142	40	BBS Design Group (USM)	59	0	2.1	37.80
186	108	Barclay Group	158	0	2.7	17.20
136	95	Bay Technology	144	0	4.7	35.15
281	130	CD Group Dividend	258	-1	11.5	8.6
147	99	CD Group 11% Div Prof	131	0	15.1	11.5
171	130	Caribbean Railway	130	0	5.4	41.13
10	81	Caribbean 7.5% Pref	102	0	10.3	10.1
195	87	George Shaw	195	0	3.7	1.9 5.4
143	60	Isis Group	60	0	3.4	28.9 9.9
104	59	Jackson Group	70	0	10.4	3.1 12.2
782	300	MediWest NY (USM) 50	354	+2	0	0
91	47	Robert Jostes	47	-1	1	3.4
124	30	Sermons	124	0	5.5	44.3 8.8
224	67	Taylor & Carlisle	194	0	6.6	3.4 9.4
71	32	Taylor Holdings (USM)	58	0	2.7	4.7 6.2
246	190	W Yates	246	-1	26.6	6.7 47.3

Securities denominated (USD) and (USM) are dealt in subject to the rules and regulations of the Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBA.

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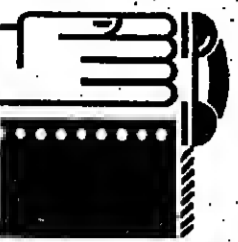
To arrange an appointment or receive an information pack telephone Nick Thompson, Knight Frank and Rutley, 01-538 0744 or Jackie Wilson, Harbour Exchange, 01-538 0866.

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Mail order	Financial services
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Case study: Directional Design	Illustration: Ellis Nadler

FINANCIAL TIMES SURVEY



The buoyant direct marketing business needs to ensure that its standards match its commercial

importance. There have been further attempts recently to regulate this fast-expanding sector, and quality will remain the key issue for some time to come, writes David Churchill

The search for quality

DIRECT marketing continues to be one of the fastest-growing and most effective communication channels of the 1980s. Its appeal direct to individuals either at home or their place of work offers a specialised approach that broader communication methods cannot hope to match.

This was borne out in a recent survey of the UK's leading advertisers - sponsored by the Christian Brann direct marketing consultancy and published by Campaign - which suggested that over half of these advertisers believed direct marketing would become more important than image advertising by the end of the next decade.

Significantly, some 90 per cent of the 250 advertisers surveyed already use direct marketing in their communication campaigns.

Yet such innovent prospects for an industry which only a decade ago was treated almost with contempt by the advertising world should not be taken for granted. Direct marketing is at the stage where it is now to be taken seriously, it has to ensure not only that its operations are effective but also that its standards are in keeping with its commercial importance.

These are issues which will be in many delegates' minds at the Direct Marketing Fair, which opens today at the Kensington

Exhibition Centre in West London, as well as at next month's Montreux Direct Marketing Symposium.

"If the industry tries to grow too fast, spreads itself too thinly, and fails to train new people fast enough, then standards inevitably will drop," warns Mr John Fraser Robinson, chairman of Amherst Direct Marketing and one of the "gurus" of the direct marketing industry.

"This in turn will lead to disillusioned advertisers and the end of the growth track," he adds.

Mr Gerry Lanchin, chairman of the Direct Mail Services Standards Board (DMSSB), also points out that "research shows that the general public still holds direct mail in relatively low esteem". He believes that the industry needs "to ensure that every advertiser, especially those new to the medium, understands both the spirit and the letter of the rules. Maintaining the highest standards can only improve direct mail's public image".

The industry has responded to such concerns in recent years and made efforts to improve standards. The DMSSB, for example, was set up in the early 1980s as the principle regulatory body and operates a recognition scheme to direct mail companies. To qualify, agencies must satisfy the board that they comply with the



Direct Marketing

codes of the Advertising Standards Authority and provide services only to clients who subscribe to those codes.

Direct mail agencies are then able to use the Board's symbol on their literature. Some 146 agencies are at present recognised by the Board.

As an inducement for direct mail agencies to be recognised, a rebate scheme for postage costs incurred is available, financed by the Post Office. Over the past four years, some £3.5m has been rebated to agencies under this scheme.

The Board also monitors standards in direct mail generally. It examines samples from recognised agencies as well as all types of mail-shots sent to consumers. The most frequent problems were found with prize draws, where the rules were not in accordance with the law, and cash-with-order offers that failed to quote a delivery period.

The Board, however, points out that "less frequent but more serious is the deliberately disingenuous use of a headline, or of a text on an outer envelope, to give a misleading impression of what in smaller print follows after".

Another attempt by the industry to improve its image was the introduction of the Mailing Preference Scheme. This enables consumers to take their names off mailing lists to avoid receiving unwanted mailings - although a minority of consumers use the scheme to put their name on to mailing lists.

Two other regulatory moves in recent months were:

- A code of practice, launched late last year by the Direct Selling Association, covering door-to-door selling and in-home sales parties;
- The British Direct Marketing Association's new code for telephone selling, brought out earlier this month, to help regulate this fast-growing sector.

Even with these various attempts to raise standards, there are still moves in the industry to create an umbrella organisation - similar to the Advertising Standards Authority - to regulate all forms of direct marketing, and not just direct mail. Whether or not such an organisation is

formed, there is no doubt that the quality of direct marketing will be the key issue in the late 1980s and into the next decade.

One of the fundamental problems with regulating the direct marketing industry is its very diversity. At its simplest, direct marketing, according to the definition coined by Mr Drayton Bird from Ogilvy & Mather Direct, "is any activity which creates and profitably exploits a direct relationship between you and your prospect".

But direct marketing is more than this. According to Mr George Smith, chairman of the Smith Bundy group, "the awkward fact is that direct marketing is currently a collection of interests rather than a vertical last piece of direct mail received. Slightly more than half the survey claimed to have bought something by direct mail at some stage, with the propensity to buy higher if there had been previous contact with the sales organisation."

According to the survey, the main benefits of buying by post are perceived as price and convenience. The disadvantages are factors such as the nuisance of returning items and being unable to see the goods before purchase. Only 2 per cent of the sample survey had ever lost money as a result of advance payment.

Another analysis of direct mailings, carried out by CCN Systems which is the information services subsidiary of Great Universal Stores, found that consumers who live in the wealthiest areas of the UK were 40 times more likely to object to receiving direct mail than those living in poorer areas.

Such information is the name of the game in the direct marketing industry of the late 1980s. "Over the last few years the computer has revolutionised the ability to collect lifestyle data and make efficient use of this information," says Mr Colin Lloyd, chief executive of the KLP marketing group.

Such data allows us to exploit new marketing segments, utilise direct marketing channels, and market by lifestyle segment," he adds.

Mr David Redmile, managing director of the Parker Redmile direct marketing agency, also points out that combining marketing with sales promotion techniques means that "sales promotions are communicated more effectively and to a better targeted audience".

CAI, the market analysis company, has come up with a new variation on database marketing with target groups classified according to first names. CAI believes that first names give an indication of age - thus analysis of some 13,000 names has enabled it to develop four age bands as marketing targets.

Consumers with names such as Florence or Albert, for example, are likely to be aged over 65; while Kevin and Sharon will most likely be under 30.

Analysis of combinations of names, moreover, improves the system significantly. "Whilst it can be predicted that Brian or Keith are probably in their 30s with a young family, if they share a surname or address with Wendy or Janet the likelihood is considerably increased," says CAI. The system, not surprisingly, has its own name - Monica.

RANK BY INCOME	PREVIOUS CURRENT	AGENCY/GROUP	LATEST PERIOD ENDED	LATEST INCOME	PREVIOUS INCOME	CHANGE %	LATEST SALES	PREVIOUS SALES	CHANGE %	LATEST PROFIT	PREVIOUS PROFIT	CHANGE %	LATEST INCOME SALES %	LATEST PROFIT SALES %	SHAREHOLDERS' FUNDS							
															LATEST	PREVIOUS	CHANGE %	LATEST NUMBER OF STAFF	LATEST PAY	PREVIOUS PAY	CHANGE %	LATEST HIGHEST PAID DIRECTOR
50	33	Watson Ward Albert Varndell	Dec 86	3684	1993	84.8	17218	8541	101.6	438	223	96.4	21.4	2.5	431	73	490.4	65	21760	15669	38.9	50000
35	34	Multicom	Mar 86	3599	3030	18.4	20233	17936	12.8	85	20	325.0	17.8	0.4	582	446	30.5	99	16357	14722	11.1	53276

MARKETING WEEK TOP 50 AGENCIES SURVEY, JANUARY 8, 1988

In a recent survey by 'Marketing Week', the fastest growing agency in the UK came, not from the glamorous world of 'above the line', but the hard-nosed world of Direct Marketing.

Direct marketing continues to grow at a remarkable rate. Covering mail order, direct mail and 'off-the-page' activities, this micro-sector of the marketing world remains one of the most buoyant.

The strength of this growth was shown recently when Marketing Week magazine reviewed the financial performance of the Top 50 Advertising Agencies in the UK.

Looking at filed accounts, the agency with the highest growth rate of all was specialist direct marketing agency Watson Ward Albert Varndell, showing an 84.8% growth in income. The next highest was Dewe Rogerson with 73.8%.

WWAV had moved from 50th place to 33rd in just one year. (The figures were based largely on 1986 accounts. WWAV's 1987 growth in income was 82%. And 1988 looks promising). Within the field, WWAV is clearly the leading agency by far.

With estimated 1988 billings of £35 million, and a staff of 130, WWAV has, within just seven years, become the dominant force in the direct marketing agency world.

WWAV is rated Number 1 in creative reputation, too.

'Direct Response' magazine recently tallied up all the direct marketing awards. WWAV, with no less than 27 first and 37 runner-up awards from Britain, Europe and America, dominated the field. The next direct marketing agency in the table had less than half WWAV's total.

In the 1987 Royal Mail/BDMA awards, WWAV walked off with 30% of the awards given. One of the judges commented, in a magazine, "WWAV are in a class of their own".

WWAV has developed into a group, as well.

WWAV Computing, in Bristol, is one of the leading

software design houses and computer bureaux in the direct mail field. WWAV North, in Leeds, is the leading specialist direct marketing agency in Northern England. WWAV Group has other companies in the direct mail services field, too.

As a group, we work for a wide range of companies. Grattan, now part of the Next Group, in mail order. IBM in business-to-business. The Salvation Army and NSPCC in fund-raising. Sun Alliance in insurance. Mail on Sunday and Time-Life Books in publishing. TSB Trustcard in the credit card market. Dixons in the retail world.

These are just a few of many major companies WWAV Group works for, and for whom we constantly produce outstanding results.

If you'd like to know more about WWAV Group, please contact John Watson, Managing Director, Rinalda Ward, Deputy Chairman, or Chris Albert, Deputy Chairman.



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WWAV North Ltd. Managing Director: Gordon Brown
Jason House, Kerry Hill, Horsforth, Leeds LS18 4JR. Tel: 0532 582911

DIRECT MARKETING 3

Financial services

Profits in the files

huge profits have been waiting to be gathered from their own customer files.

According to Stuart Heather, chairman of the MSW Rapp Collins agency, whose billings have doubled to £21m since 1985, the effectiveness of communication with existing customers is rapidly improving. Banks, for instance, have begun to take a lively interest in which services each of its customers is using.

"In Britain," says Heather, "they have always been bad at thanking people for being their customers. Now they are doing it. They have realised that it is much better for business to keep existing customers happy, and to seek to meet their other needs, than to lose them and have to go out and win them back again."

For customer loyalty is not what it once was. Few people may actually change their bank. But only 19 per cent see their manager in any one year and only 32 per cent even visit their branch monthly. For many financial services, such as mortgages and loans, it has become natural to shop around. The average customer still uses fewer than two different services from the same bank.

The financial institutions are thus becoming more professional in their approach to the market - and the customer database offers them huge potential advantages.

Computerised information about a customer, minus from providing one service, can be used to great effect in selling him other services. Markets can be precisely targeted; potential customers identified by age, salary, type of residence, family circumstances, and other aspects of his style, to give the marketer a clearer picture of who they are and what they want.

Philip Watts, TSB Group communications controller, predicts that the bank's computer system, introduced in 1970 to handle the bank's accounts and transactions, will soon be used for the greater part in marketing. The TSB has 1.9m individual shareholders. "Half of them are already customers," says Watts. "But the other half is virgin territory for TSB group products. We are using direct marketing techniques to reach that new audience."

Kieron Flynn, direct marketing manager, general insurance, for Sun Alliance, one of the first big

Feona McEwan on business to business marketing

Direct way to inform the confused buyer



Tony Cole: new product promotion a "staggering success"

approach enables a company to approach the various decision-makers as individuals," says Bird.

Research in the UK and the US indicates that people do want more information from their business direct mail according to Bird. "Many prefer to get detailed, lengthy, comprehensive information initially on which to base their decisions, rather than an approach by a salesman," he says.

One of the biggest leaps for the direct marketing industry which has enabled far more efficient targeting of key decision makers has been the extraordinary advances in computer technology.

Tony Cole, managing director of Millstone Direct Marketing, a specialist agency, reports that there is an increasing incidence

decision makers and to generate qualified sales leads.

The various marketing consultancies involved collaborated to give a unified theme. The sales force, dealer network and hardware manufacturers were also fully integrated into the campaign.

Mailshots were forwarded to dealers to send out to decision-makers and an incentive scheme operated to ensure that leads were quickly followed up. Direct marketing techniques were used on the product pack entitling the purchasers to free product in return for providing details about his operation. These details were then added into the 6M database.

"Without a significant increase in advertising budget, sales targets were exceeded at a cost per sale of only £4.86," says Cole.

Another example was the Eli Lilly subsidiary, Elanco Products, a major supplier of animal health products. The company had relied almost exclusively on trade press advertising but this had failed to increase market share satisfactorily and competition was increasing.

The company needed to generate high quality leads for both its sales force and its distributors but was heavily reliant on vets to recommend and supply its products. However, there was no UK list of vets who treated cattle and pigs. So a letter explaining how Elanco could save vets' time, and how they could insure they received only relevant information, was mailed to practice secretaries with a simple questionnaire asking details of the practice. Response was a high 60 per cent and a second mailing to non-respondents brought further replies.

A similar exercise was conducted with farmers to establish the use of Elanco's and competitors' products. Those two projects gave strong leads and gave Elanco a comprehensive database. The latter made it possible to run highly-targeted and personalised regional promotions based on an individual distributor's territory.

Later the databases enabled the company to promote a new product very effectively - the world's first oon-hormonal growth-promoting bolus for cattle use.

The launch was "a staggering success," according to Cole, reaching sales targets in a matter of weeks rather than months. As a result, Elanco is considering integrating direct marketing techniques into its total marketing plan across Europe.

ASKED why his financial company decided to focus its energies exclusively on direct marketing, the sales director replied "Because I reach who I really want to, I can measure it, and my competitors don't know what I'm doing."

The direct marketing approach is one that companies are increasingly adopting in the business to business field, though not necessarily to an exclusive extent, on both sides of the Atlantic.

Drayton Bird, vice chairman of Ogilvy and Mather Direct, explains the reasons why. In essence, the buying process has changed, he says. "It is getting more complex" - a result of an increasing number of increasingly sophisticated equipment are confused. "They find it hard to keep up with the fast-changing states of the art."

Thirty years ago business to business purchases, whether to buy more carbon paper or typesetters, were relatively simple to make.

It was frequently just one person who bought everything the company needed in order to function, and they were easy to isolate and relatively easy to reach by broad-brush advertising campaigns.

Nowadays products are vastly more complex. As well as the consequent "confused buyer" syndrome which Bird identifies, the purchase process is far more significant in terms of money.

Bird illustrates the point with an example of the marketing of a new telephone exchange, now a very competitive market. It is a purchase that consumes a number of different employees, all of whom might have a different motivation for buying, he says.

The chairman, for instance, may be looking for a prestige item. The technical director will be concerned with technical characteristics, the financial director with financial matters, and increasingly important, there are the operators who will be concerned with how simple it is to operate.

"Because people now need more informed decisions, the buying process has become more complex. The direct marketing

Case study: Automobile Association

More than motoring cover

DIRECT MARKETING lends itself to the efficiencies of modern technology much more than advertising does, and specialists in the industry soon build up a database of relevant information about customers and prospective customers. This is especially true of major organisations like the Automobile Association.

Around five years ago the AA realised it could market much more to its almost seven million members than motoring cover and has considerably built up its revenue by extending its services.

One field it has pioneered is insurance and it is now the largest broker in the UK for life insurance on personal lines, that is non-commercial business. Last year AA Protection and Investment Planning, the AA's insurance activities, called upon WWAV, the direct marketing company, to develop an approach for selling life insurance among its members.

It is a major project, with tremendous potential but, as ever in

direct marketing, WWAV went for a pilot test. It selected 20,000 names and addresses from the AA files, on a fairly random basis, to discover whether there was a public demand for a service which would supply people with impartial advice on their insurance needs. The first mail shot was general in approach - "would you like unbiased information on how you might plan for the protection of your family? At the same time it found out whether you were adequately covered already."

Those who responded to the initial enquiry received a lengthy questionnaire which went into everything from their income and family background, to their investments and current insurance cover. The response was at the anticipated level. WWAV and the AA worked out a sophisticated software programme which converted the questionnaire into relevant practical information.

In essence, it told AA Protection and Investment Planning just what the respondent needed in adequate insurance cover, both now and in 10 and 20 years time. What would happen if one partner in a marriage died - to the family income, to the home - and how much extra insurance cover was needed to guard against such an eventuality?

Some, in particular single people, obviously did not need much protection; others could be seriously under-insured. The computer came out with long-term proposals, based on quotations from 20 insurance companies, which were then sent to the respondent in a third mailing shot.

This is now with the enquirers, and gives them a range of quotations for insurance cover. As a broker, the AA service uses numerous insurance companies and thus avoids the hard sell methods of individual insurance companies, or controlled brokers. The recommendations are fitted to the known needs of the AA member, with the application forms completed by the computer

Anthony Thomcroft

Case study: the Army

Broader search for officers

THE ULTIMATE marketing dream is an advertising campaign which both boosts the image of the product and also increases its sales. The Army seems to have devised such an approach with its recent drive to recruit officers.

Its advertisements have always carried a coupon to inspire applicants, as a twin track to its well-established local recruitment efforts. But it took a visit by a top brass officer to the US to examine the American hard sell approach, plus the appointment of a direct marketing agency, to shift the balance more towards off-the-page recruitment of officers.

In the end, the Army appointed RSVP, the newly-formed direct marketing subsidiary of its long-linked advertising agency, Ogilvy and Mather, to spearhead its concentration on direct selling. RSVP has worked closely with the agency, using its creative approach built around colour page advertisements in the quality Sundays and dailies, plus a few tricks of the direct marketing world.

Because the advertising is both selling the Army, and recruiting

new officers, the client is prepared to carry a response rate which might seem low in conventional direct marketing terms.

One obvious innovation was to add a telephone number for enquiries. These went through to a handling house which sent off an information pack within 12 hours. There was an immediate rise in the number of applications, although at the moment the coupon still pulls in more enquiries than the phone. This should change in the near future.

All the enquiries are fed into a database allowing RSVP to build up a pool of information about where the Army might find likely officers. In the past its search has concentrated on certain schools and universities. Now it can exploit a much broader section of the population.

The information pack consisted of a booklet describing the daily lives of six representative officers, together with a run-through of the opportunities offered by the Army. There was also an introduction form which clearly stated it was not an application form. Respondents were then directed towards local recruitment offices where they were introduced to possible regiments. If the first unit did not appeal, others could be recommended. And if there was no response to the first enquiry, there was just one more gentle reminder for the applicant.

One important innovation was the creative element in the approach. It was designed to be enjoyable, and applicants were soon wrestling with Trivial Pursuit-type questions in the information pack. Photographs were blended with graphics, and the whole mailing shot was decidedly un-stuffy. Not surprisingly, the number of enquiries were double expectations, and the approach, perfected in the spring of 1987, is now repeated three times each year.

RSVP is building up a considerable database of information about young people interested in becoming army officers. In the past, the Army found it difficult to control the processing of prospective recruits; local offices were sometimes lax to themselves. Now the database, with

Anthony Thomcroft

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COMMODITIES AND AGRICULTURE

EC Farm Ministers agree to reinstate hormone ban

BY TIM DICKSON IN BRUSSELS

EUROPE'S FARM Ministers yesterday agreed to reinstate the controversial directive banning the use of hormones in meat production...

last month the European Court of Justice upheld the UK's case but only on the technical grounds that the Council had infringed its own rules of procedure...

Paris show highlights plight of export body

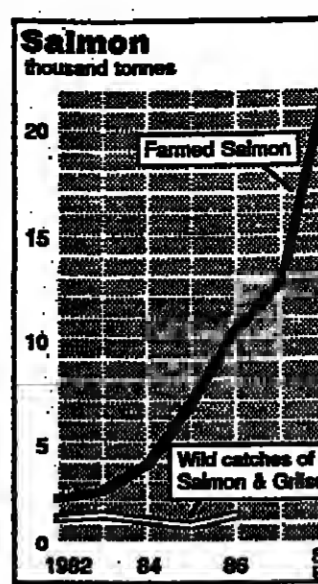
By Bridget Bloom in Paris

THE ABILITY of British companies to mount an effective presence at some of the world's major agricultural shows and so take advantage of big export markets...

James Buxton on one of Scotland's fastest growing industries

Output of farmed salmon leaps

NO ONE who visits the highlands and islands of Scotland nowadays can fail to be struck by the dramatic proliferation of salmon farms...



an apparently uncontrolled proliferation of salmon farms. In 1986 the Crown Estate set up a broad consultation process for fish farm applications...

Jamaica settles aluminium row

By Canute James in Kingston

THE JAMAICAN Government is to buy a 44 per cent stake in the local bauxite mining and refining operations of the Aluminum Company of America...

it would operate the plant at full capacity, and that it would not close the facility except under conditions mutually agreed beforehand...

Far East demand shores up gold coin sales

BY KENNETH GOODING, MINING CORRESPONDENT

SALES OF gold bullion coins, which surged following the stock markets crash last October, have fallen back below year-earlier levels...

Alcan agrees pay pact with unions

By Robert Gibbins in Montreal

ALCAN ALUMINIUM has reached a three-year pay pact with 13 unions representing 6,000 workers at three of its Quebec smelters...

World Commodities Prices

Table with multiple columns showing prices for various commodities like Cocoa, Coffee, Sugar, and Wheat. Includes sub-sections for London Markets, New York, and Chicago.

London Markets

Table showing commodity prices in London, including Cocoa, Coffee, and Sugar.

New York

Table showing commodity prices in New York, including Gold, Silver, and various grains.

Chicago

Table showing commodity prices in Chicago, including Soybeans and Corn.

World Commodities Prices

Large table containing world commodity prices for various goods like Wheat, Rice, Oil, and Metals across different regions.

Advertisement for Business Advertising, featuring the text 'BUSINESS Advertising APPEARS EVERY TUESDAY AND SATURDAY'.

CURRENCIES, MONEY AND UK CAPITAL MARKETS

FOREIGN EXCHANGES

Pound breaks through DM3.00

STERLING WAS hammered in on all sides and the authorities had no option but to uncap the currency at the DM3.00 level...

at County NatWest, said the Government appears determined not to let industry escape from the consequences of high wage settlements...

sidelines, with dealers looking for no strong reaction on the foreign exchange to the result of the Super Tuesday presidential primary elections...

FINANCIAL FUTURES

Sterling lifts gilts

STERLING DENOMINATED financial futures closed a little below the day's highs on Liffe yesterday, after trading had been influenced strongly by the surge of sterling on the foreign exchange...

Traders were rather nervous about official UK policy on sterling, after a long period when DM3.00 was regarded as the top...

the implications of fast economic growth. It was noted that cash rates did not fall very far, in spite of sterling's advance...

This was the level the central bank re-entered the foreign exchange to set sterling, having been absent in the early morning...

A level of DM3.10 is seen as the next target, where dealers suggest the market may be tempted to pause for breath...

On the other hand the D-Mark advanced against the Italian Lira which is the weakest member of the European Monetary System...

Dealers feel the Bank of England has run out of room to manoeuvre on interest rates, and found it too expensive to continue selling the pound...

The pound's index, on Bank of England figures, rose to 76.3 from 74.8...

The dollar's index fell to 93.9 from 94.5 as demand for sterling put downward pressure on the US currency...

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

Table with columns: Mar 7, Latest, Precedent Date, 1 Year, 3 Months, 6 Months, 12 Months

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In Good Company advertisement featuring images of key rings, cuff links, and promotional gifts.

BLOCKED FUNDS advertisement with text: We purchase and sell blocked funds worldwide. Will pay top Co. have currency/bonds in foreign countries?

SAMSUNG SEMICONDUCTORS AND TELECOMMUNICATIONS CO., LTD. advertisement.

I.G. INDEX LTD. advertisement with text: 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD.

WORLD VALUE OF THE POUND advertisement with a large graphic of a pound coin.

Vertical text on the left margin: industries leaps, oin sak, BUSINESS, VERY ESADY, AND TURDAN.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, May 88, Jun 88, Jul 88, Aug 88, Sep 88, Oct 88, Nov 88, Dec 88, Stock. Includes sub-sections for SILVER and various stock options.

BASE LENDING RATES

Table listing various banks and their base lending rates, including ABN Bank, Citibank, and others.

Small Business

The Financial Times proposes to publish this survey on:

22nd April 1988

For a full editorial synopsis and details of available advertisement positions, please contact:

Brett Trafford on 01-248 5116

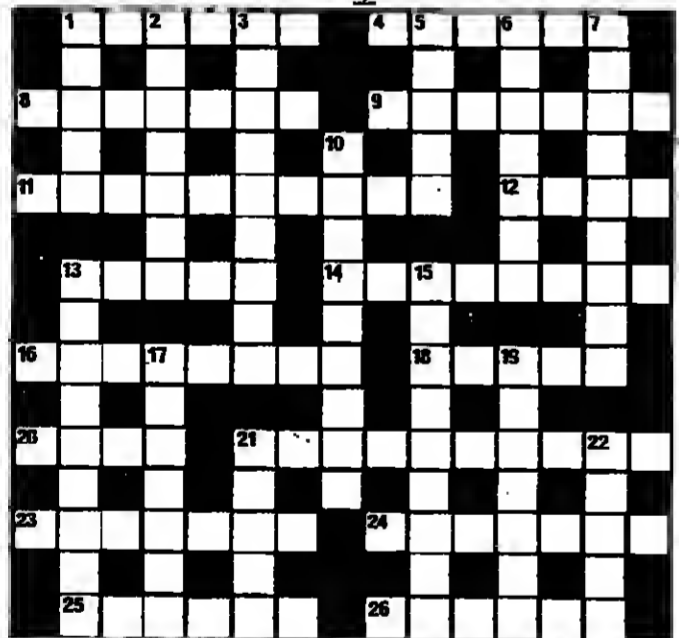
or write to him at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

FT CROSSWORD No.6,575

SET BY VJEN



- ACROSS
1 A drink mixed and swallowed by the cast (6)
2 The price of freedom (6)
3 Quiet, like a spell for recreation (7)
4 Explosive grandee in trouble (7)
5 Go through and park, finding a scene of chaos (4,6)
6 Point to a massive rock that's split (4)
7 Order fifty-one daggers (5)
8 A person keeping a servant for a long time (6)
9 The monarch, right or wrong (5)
10 Some people approaching middle age will make an excuse (4)
11 Arranging a meeting about a school blowing up! (10)
12 A man in love may well get married (7)
13 The unit in support set off (7)
14 Require a French article - a small tool (6)
15 Turning brown in latter years, so it's related (6)
16 A bit of fish for the table (5)
17 Stars at a goddess's make-up (7)
18 The utter ruin of the mother country (9)

- DOWN
5 Protection on the home front (5)
6 No tears affected the American politician (7)
7 The chairman being a communist turned in the car (9)
8 Suggest a mime class (9)
9 Even a lord may be excessively charged (9)
10 Many tend to make themselves heard when doing such work (9)
11 A falling to accept a never-ending greed (7)
12 Get involved and tour the building (7)
13 Note sound following and stay (5)
14 A way to occupy delightful middle age will make an excuse (4)
15 Solution to Puzzle No.6,574
16 A falling to accept a never-ending greed (7)
17 Get involved and tour the building (7)
18 Note sound following and stay (5)
19 A way to occupy delightful middle age will make an excuse (4)
20 Solution to Puzzle No.6,574

SNAPPING TURTLE
O P R A N A D
REPROACH ADMIRE
B R N A O E G N
ERASE REGARDANT
T I A R T A
TESPIT EPALUT
K I L E
HELICON TREMO
O E H N
P O T A A E T
I M P A I R S T A L W A R D
N E T R S R E
G A R D I E N D E C A I N T I E R

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Includes sub-sections like 'Abney Unit Trusts', 'Capital Growth Unit Trusts', etc.

FT UNIT TRUST INFORMATION SERVICE

Handwritten text in a box at the top center of the page.

Table listing various unit trusts under the heading 'Scottish Asset Management Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Tudor Unit Trust Managers Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Ariens Insurance Plc'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'British National Financial Services'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Continental Life Insurance PLC'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Fidelity Assurance Society'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Henderson Administration - Contd.'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Legal & General (Unit Pension) Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Municipal Life Assurance Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Scottish Life Investments Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Scottish Widows Fund Management'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Warriner Unit Trust Managers Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Wellington Fund Mgrs Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Wright Seligson Fund Managers Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Sovereign Unit Trust Mgrs Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Standard Life Trust Mgrs Ltd'. Columns include fund names, dates, and numerical values.

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Table listing various unit trusts under the heading 'Allied Dealer Assurance Plc'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'City of Edinburgh Life Assurance'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'City of Westminster Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Eagle Star Insurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Economic Insurance Company Ltd'. Columns include fund names, dates, and numerical values.

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INSURANCES

Table listing various insurance policies under the heading 'AA Friendly Society'. Columns include policy names, dates, and numerical values.

Table listing various insurance policies under the heading 'Abney Life Assurance Co Ltd'. Columns include policy names, dates, and numerical values.

Table listing various insurance policies under the heading 'Aberdeen Life Assurance Co Ltd'. Columns include policy names, dates, and numerical values.

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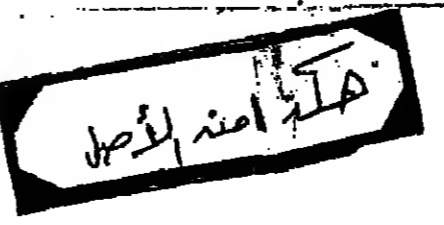
FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for company name, unit price, and other financial metrics. Includes sections for various asset classes like Equity, Income, and Bond.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Table listing management services and offshore/overseas investment options, including company names and associated details.



FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Main table containing FT Unit Trust Information Service data, including columns for fund names, managers, and performance metrics. Includes sub-sections for 'BRITISH FUNDS', 'BRITISH FUNDS - Cont'd', and 'FOREIGN BONDS & RAILS'.

Handwritten Arabic text at the top of the page.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield. Includes sub-sections for 'Share' and 'Five to Fifteen Years'.

BRITISH FUNDS - Cont'd

Continuation of British Funds table, including 'Index-Linked' and 'INT. BANK AND SEAS GOVT STERLING ISSUES'.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield. Includes sub-sections for 'AMERICANS' and 'CORPORATION LOANS'.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, and Yield.

LOANS

Table of Loans with columns for Name, Price, and Yield. Includes sub-sections for 'Building Societies' and 'Financial'.

Bank of Scotland

Table of Bank of Scotland services and products.

Money Market Trust Funds

Table of Money Market Trust Funds with columns for Name, Price, and Yield.

Money Market Bank Accounts

Table of Money Market Bank Accounts with columns for Name, Price, and Yield.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and change.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and change.

BANKS, HP & LEASING

Table listing bank, hire purchase, and leasing stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

ENGINEERING

Table listing engineering stocks with columns for stock name, price, and change.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and change.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks with columns for stock name, price, and change.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial stocks with columns for stock name, price, and change.

ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks with columns for stock name, price, and change.

INSURANCES

Table listing insurance stocks with columns for stock name, price, and change.

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LONDON SHARE SERVICE

Handwritten note in the top right corner.

INSURANCES - Contd

Table listing insurance companies and their share prices, including Standard Life, Prudential, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as Newsprint, Printers, and Advertisers.

TEXTILES - Contd

Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land-related companies.

OIL AND GAS - Contd

Table listing oil and gas companies.

MINES - Contd

Table listing mining companies.

LEISURE

Table listing leisure companies.

PROPERTY

Table listing property-related companies.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

OVERSEAS TRADERS

Table listing overseas traders.

PLANTATIONS

Table listing plantation companies.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies.

Commercial Vehicles

Table listing commercial vehicle companies.

Garages and Distributors

Table listing garage and distributor companies.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

SHIPPING

Table listing shipping companies.

SHOES AND LEATHER

Table listing shoes and leather companies.

SOUTH AFRICANS

Table listing South African companies.

TEXTILES

Table listing textile companies.

OIL AND GAS

Table listing oil and gas companies.

FINANCE

Table listing finance companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

THIRD MARKET

Table listing third market companies.

MINES

Table listing mining companies.

PLANTATIONS

Table listing plantation companies.

OVERSEAS TRADERS

Table listing overseas traders.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

TOBACCO

Table listing tobacco companies.

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Table listing property-related companies.

INSURANCES

Table listing insurance companies.

LEISURE

Table listing leisure companies.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies.

Notes and footnotes regarding share prices, dividends, and company information.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

TRADITIONAL OPTIONS

Table listing traditional options.

Additional notes and information at the bottom right of the page.

LONDON STOCK EXCHANGE

Pound's strength boosts Gilt-edged but exporting stocks suffer widespread falls

Account Dealing Dates
First Declared Last Account
Dealings Date Dealings Day
Feb 28 Mar 3 Mar 4 Mar 14
Mar 7 Mar 17 Mar 18 Mar 28
Mar 21 Apr 7 Apr 8 Apr 18

THE SIGHT OF THE Bank of England standing aside while the pound surged above DM 3.00 yesterday morning cast a sudden cloud over the first day of the new trading account in London's equity market. However, equities rallied from an initial setback as the big institutions refused to be alarmed and traders held fast to the view that a strong pound rules out any upward move in domestic interest rates.

Government bonds quickly put on a full point, holding these gains for the rest of the day on determined support which came from the trading houses rather than from retail investors. The stock market was surprised by the sudden upswing in the pound against both the DM and the US dollar. There was a sell-off of dollar currencies, such as Glaxo and Shell, and of other exporting groups such as ICI, which will see its sales in the German market under pressure.

The FT-SE index was 26 points down at the day's low point, but rallied to close a net 30 off at 1818.8. Sectoral volume, at 40.8m shares, although still an improvement on last month's woefully low levels, was below levels seen at the end of last week when the market turned into the bull market.

The strength of sterling is good news on the interest rate front, and that is the chief concern of the securities markets at present. With the pound above DM 3.00, any upward move in UK bank base rates seems out of the question at present. Consequently, the big investment houses took a fairly sanguine view of the pound's performance yesterday.

"We're not terribly worried", said Dr Arnab Banerji of Nomura Securities, a view echoed by analysts at several other securities houses. At Warburg Securities, Mr Peter Warburton, economics analyst, said the pound's latest advance could, in any event, prove "a short term bubble".

The market's optimism for a tax reforming Budget on March 15 was supported by the weekend press and equities staged a steady opening. In very early trading, share prices edged higher, despite the expected technical drag caused by ex dividend quotations for Shell and ICI. However, when sterling took a hit between its teeth, share prices

fell back right across the board. With the effects of sterling's strength falling largely on the blue chip stocks, market indices fell quickly, and only a handful of major stocks could stand out against the trend.

The UK bond market was in good form as the exchange markets signalled the inflow of foreign money into London. Overseas demand for UK Gilts early last month provided the base for the recent upswing in the equity market.

Surprisingly, the authorities made no move to introduce a new tax stock yesterday despite the strength of the fixed interest market. Long-dated bonds closed with gains of just over a full point after a good, but not exceptional day's trading.

The authorities had three choices, commented the head trader of a leading US bank. Either they could let the pound rise, which they did, or intervene against the pound, or, finally, put interest rates down.

British Aerospace soared ahead as the board continued its round of presentations to the big institutions, stressing the prospective benefits for its balance sheet and earnings from the acquisition of Rover, the UK car manufacturer. Among the US firms, Chase Manhattan and Shearson Lehman Bros emerged as strong advocates of the deal.

provided it can be struck on terms favourable to Aerospace. Chase, believing the deal could have positive major impact on both earnings and assets, has issued a major recommendation to clients and was itself a heavy buyer of Aerospace shares again.

But the advice from Nomura Securities was, "Sell Aerospace. Rover is the wrong acquisition". Plessey remained in the limelight as the group unveiled a \$30m offer for Leigh Instruments, a Canadian manufacturer of defence communications equipment and currently in receipt of a \$22m order from another Canadian group, aerospace contractor IMD.

Plessey shares hardened to 17 1/2p in nervous trading as the market got wind of an announcement but subsequently dipped back to close a net 2 down at 168p on turnover of 4.8m reflecting slight disappointment with the news.

Standard Chartered shares suffered a major setback in the wake of the resignation of Mr Michael McWilliam, the Chief Executive and the appointment of Mr Rodney Galpin as executive chairman, announced late on Friday. Widespread comment on the possibility of a dividend cut and rights issue in the Sunday press caused a sharp mark down at the outset when the share price was lowered to 46p, accompanied by some aggressive selling, but the stock subsequently rallied to end the session a net 40 down at 47p, after turnover of 2.3m shares.

Rank Organisation, the entertainment group, were one of the day's best performers, rising 11 to 67p on news of the agreed acquisition of Albert Entertainment, a Pennsylvania, a leisure concern, for £102m.

Mr. Bruce Jones, analyst at Kitcat and Aitken, the securities house, rates the shares a strong buy in the wake of the purchase; the acquisition appears geographically sound in a business the company knows well. Accordingly, Kitcat has raised their profit forecast for Rank from £248m to £254m for the current year.

FINANCIAL TIMES STOCK INDICES
Table with columns for Mar 7, Mar 4, Mar 3, Mar 2, Mar 1, Year Ago, 1987/88, and 1986/7. Includes sub-tables for S.E. ACTIVITY and LONDON REPORT AND LATEST SHARE INDEX.

Merchant banks continued to reflect the general pick up in stock market activity. SG Warburg, a strong performer last week, added 5 more at 344p. Hambros, boosted by a "buy" recommendation from SBC Savory Milin, were a like amount up at 288p and Kleinwort Grisevone 4 better at 378p; County NatWest rate Kleinwort's "buy" ahead of their April 6 preliminary results. Insurances "took a breather after last week's strong gains" one dealer said.

Institutional investors showed little fresh enthusiasm to increase their weightings of Treasury issues and the sector experienced the smallest trade for some considerable time. The majors subsequently drifted easier with the general tone and Allied Lyons closed 4 down at 366p while Whitbread "A" ended 3 off at 289p; volume was less than 1m shares in both stocks.

The clearing banks "outperformed the rest of the market" according to one dealer. After a period of relative stability, the clearing banks were 2 higher at 513p. Lloyds 1 1/2 firmer at 288p and NatWest only 2 off at 580p. Midland were 2 down at 403p. Turnover in the sector was much reduced, traders said, with the notable exception of Lloyds where in excess of 6.5m shares were changed hands as vague takeover speculation continued to do the rounds.

Beecham, the UK pharmaceutical and consumer products group, closed a shade easier at 477p in line with the overall trend, but the shares are expected to push forward ahead of an article to be published on Friday in The Lancet, the UK premier medical journal concerning tests on the group's heart drug Esminease.

The Lancet plans to follow its article with a conference for investment analysts. Beecham hopes that Esminease will give it the means to tap into the highly profitable market for treating chronic diseases, which require long-term therapy.

Enterprise Oil were easily the best performer in an oil and gas sector that remained under pressure from the recent poor performance of crude oil prices. Official news that the drilling effort on North Sea Block 22-11 has produced a "significant oil field" - designated Nelson - containing reserves of between 150 to 175m barrels of oil triggered a welcome of buying interest for Enterprise shares which immediately raced up to 326p before closing 10 higher at 326p on a turnover of 4.4m shares.

The immediate reaction of analysts to the news was that the find "could add around 70p a share to Enterprise's assets". Although not matching Enterprise in terms of price appreciation British Petroleum easily outperformed the former in terms of

influences and closed 1/2 lower at 210 1/2. Retailing stocks held up well and included a firm feature in Dillons which moved up 7 to 192p following a substantial traded options business. Next dipped 4 to 289p ahead of Friday preliminary figures.

Turnover in the electronics majors, Plessey apart, was much reduced. GEC, amid talk of an imminent joint venture with PFI, eased 2 to 158p on turnover of 2.4m shares, while Racal lost 5 to 230p on turnover of 2.3m.

Preliminary results from BSR, which came out at 6.1m against estimates which had ranged up to as much as £17m, were deemed slightly disappointing and BSR shares gave ground to close 2 off at 89p.

The engineering sector showed a strong market and finally 11 higher at 245p ahead of preliminary results, scheduled for Thursday. International stocks held up relatively well despite the adverse currency influences. Glaxo, interim results due on March 14, were only 1/2 off at £10 1/2, and Reckitt and Colman settled marginally lower at 82 1/2p.

Ranson, in which some 4m shares were traded, including a block of 1.6m shares at 139p, finished 2 1/2 cheaper at 137 1/2p. Unilever slipped 13 to 499p, while BOC, a rising market recently following the disposal of its carbon graphite business, shed 11 to 394p.

Farmer Knoll A rose 5 to 805p in reply to the good interim results and Eurotunnel advanced 12 to 384p following favourable Press comment. Currency influences rather more than the approach of the annual results, due on March 15, took a toll on Jaguar, down 9 at 329p, but news of last month's surge in commercial vehicles sales helped Plaxtons (GB) improve to 158p. Motor Distributors also traded higher with Perry gaining 8 to 219p awaiting today's preliminary statement.

Profits of around 82m are expected against the previous year's \$4.7m. B & Q Quick bounded 15 to 285p, after 285p, Lookers rose 9 to 269p and Trimco 3 to 38p. Confirmation that WCRS was

negotiating to buy 50 per cent of Societe GMD, the largest independent media buying group in Europe, aroused demand for the former's shares which rose 12 to 255p. Business elsewhere in the Agency sector was slow with Loxep, at 176p, making little response to its first step into the Far Eastern market via a joint venture in Singapore.

Properties lost some of their recent sparkle. Land Securities drifting back in a much reduced business to close 1 cheaper at 504p. MEPC were 7 off at 478p. Elsewhere, Mountheigh responded to news of a 198m property portfolio disposal to Control Securities with a gain of 10p; the latter added a couple of pence to 49p. The deal will give Mountheigh a 17.5 per cent stake in Control. Mckelock attracted buyers ahead of Thursday's interim figures and rose 6 to 151p, while Dares Estates improved 1 1/2 to 35p awaiting today's preliminary figures.

Tootal highlighted the Textile sector, advancing strongly as stories of takeover possibilities went round the market again. The shares closed 7 up at 125p. Palma were also bought following good annual profits and a confident statement predicting further growth this year, and rose 7 to 89p.

Traded option contracts came out some 10,000 lower yesterday, at 27,379. Calls fell steeply to 18,550 while puts totalled 9,029. The FTSE contract attracted 1,454 calls and 1,182 puts. Hanson registered 2,941 calls and 46 puts.

Traditional Options
First dealings Feb 29
Last dealings Mar 11
Last declarations Jun 2
For Settlement Jun 13
For rate indications see end of London Share Service

Investors took out call options in Cambridge Venture Capital, Holmes Protection, EBC, Senior Eng., Norfolk Capital, Eagle Trust, Eurotunnel units, Irish Distillers, REM, Guthrie Control Securities, Sonnd Diffusion, Pineapple, Beleze of London, Wileway, Farnley, Greenway, and Jove IT Capital. Double options were transacted in Irish Distillers, REM, Holmes Protection and Explaura Holdings.

Investors took out call options in Cambridge Venture Capital, Holmes Protection, EBC, Senior Eng., Norfolk Capital, Eagle Trust, Eurotunnel units, Irish Distillers, REM, Guthrie Control Securities, Sonnd Diffusion, Pineapple, Beleze of London, Wileway, Farnley, Greenway, and Jove IT Capital. Double options were transacted in Irish Distillers, REM, Holmes Protection and Explaura Holdings.

FT - ACTUARIES INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Monday March 7 1988, and Year Ago (approx). Lists various equity groups like CAPITAL GOODS, BUILDING MATERIALS, etc.

Table with columns for FIXED INTEREST, AVERAGE GROSS REDEMPTION YIELDS, and PRICE INDICES. Lists various fixed interest instruments and their yields.

1 Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, by post 35p. CONSTITUENT CHANGES: Edinburgh American Assets(7) has been deleted Thomson T-Line(4B) has been moved to group 43.

LONDON TRADED OPTIONS
Table with columns for CALLS and PUTS, and various stock options like Allied Lyons, B.P., etc.

Table with columns for CALLS and PUTS, and various stock options like B.P., British Gas, etc.

Table with columns for CALLS and PUTS, and various stock options like British Gas, E.C.C., etc.

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TRADING VOLUME IN MAJOR STOCKS
The following is based on trading volume for Alpha Securities dealt through the SEAQ system yesterday until 5 pm.

Table with columns for Stock, Volume '000's, and various stock trading volumes like ASDA-MFI, Allied-Lyons, etc.

RISES AND FALLS YESTERDAY
Table with columns for Rises, Falls, and Sums for various categories like British Funds, etc.

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WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, Canada, Germany, France, Italy, Japan, and the Netherlands. Columns include country, date, and various stock indices.

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CANADA

Table of Canadian stock market data, including Toronto and Montreal closing prices for various stocks and indices.

OVER-THE-COUNTER

Table of over-the-counter market data, including Nasdaq national market closing prices for various stocks.

Indices

Table of various stock indices including Dow Jones, Nikkei, and others, with columns for date, high, low, and change.

CANADA

Table of Canadian stock market data, including Toronto and Montreal closing prices for various stocks and indices.

NEW YORK ACTIVE STOCKS

Table of active stock market data for New York, including various stock prices and volume.

CHIEF IN-LAND PRICE CHANGES YESTERDAY

Table of price changes for various commodities and currencies, including gold, oil, and the yen.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo, including company names, prices, and volume.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change.

Marlboro 20 CLASS A CIGARETTES advertisement featuring the Marlboro logo and brand name.

Continued on Page 43

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Handwritten note: 1000000000

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 42' and 'OVER-THE-COUNTER'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 42' and 'OVER-THE-COUNTER'.

OVER-THE-COUNTER

Table of Over-the-Counter Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 42' and 'OVER-THE-COUNTER'.

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Continued on Page 41

AMERICA

Modest downward trend continues

Wall Street

US equities yesterday failed to emulate substantial gains of the past two Monday sessions and closed very little changed from last Friday, writes Janet Bush in New York.

Lapse on news of a startling rise in employment last month and then edged lower again. By late trading, the Treasury's benchmark 8.875 per cent long bond was quoted 1/4 point lower...

In a narrow range, perhaps until the next set of US trade figures. The only economic news released yesterday was the latest report by National Purchasing Managers...

Firestone Tire & Rubber surged 3 1/2 to \$63 1/4 after news of Pirelli Group's \$58 a share tender offer.

Takeover talk boosts Belgian retailer

SHARES IN GB-Inno-BM leapt almost 34 per cent yesterday morning to BF11.795 as rumours buzzed round the plane that a foreign buyer is planning to pounce on Belgium's leading supermarket group...

Canada

RISING golds and industrials offset declines by mines and energy issues, with the composite index up 9.9 at 3,281.4 at mid-session.

ASIA

Nikkei eases as caution takes hold

Tokyo

A WAIT-and-see mood prevailed in Tokyo yesterday, leaving the market weaker at the close, writes Shigeo Nishizaki of Jiji Press.

The Nikkei average ended 10.99 points lower at 25,616.58, having reached a high of 25,642.58 against a low of 25,567.83.

Volume fell to 826m shares from Friday's 1.35bn shares and declines led advances by 443 to 414, with 188 issues unchanged.

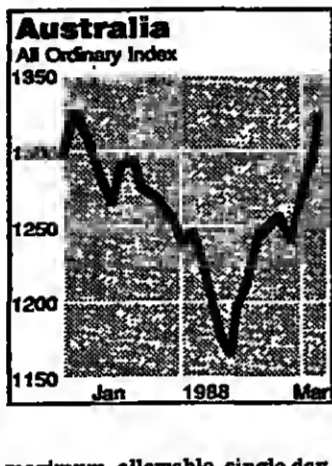
Giant capitals, which have been leading the rise, continued to attract buying interest in early trading, but their popularity faded towards the close.

Toshiba ended down Y3 at Y750, after losing Y26 in Saturday's half-day session, on unconfirmed reports that the CIA is investigating it in connection with violations of export controls.

Bond prices were slightly easier because of the absence of market-moving news. The yield on the benchmark 5.0 per cent government bond, maturing in December 1997, opened slightly lower at 4.35 per cent against 4.35 per cent at Saturday's close.

The 5.1 per cent bond, which has a higher yield than that of the benchmark issue and falls due in June 1996, attracted buyers at one stage, with its yield dropping from Saturday's 4.54 per cent to 4.51 per cent, before ending at 4.50 per cent.

Oil well fears hit Manila. INVESTORS' fears that a key oil drilling site in the Philippines would turn out to be dry sent share prices plunging in Manila yesterday for the second session running, writes Our Markets Staff in London.



Australia All Ordinary Index 1980

ing Corp advanced 15 cents to A\$4.82 and MIM 6 cents to A\$1.66. Industrial stocks to gain included Adsteam and Lead Lease, both up 20 cents at A\$4.70 and A\$11.80 respectively.

LATE profit-taking reduced the day's gains and the market closed narrowly mixed on improved turnover.

The Hang Seng Index ended the day down 2.98 at 2,470.4, having risen more than 20 points in early trading. Turnover was HK\$3946m against HK\$779m on Friday.

The market is expected to remain active pending the release in coming weeks of corporate results, which are forecast to be favourable.

SMALL investors dominated trading as institutions held back in the absence of fresh news, and the market closed lower across the board on profit-taking.

PRICE changes were mostly marginal except for a handful of blue chips and quality stocks. Turnover fell to 18.4m shares from 24.5m on Friday.

EUROPE

Trading quiet as Paris and Frankfurt wait for news

London

THE sudden opening in the pound against both the dollar and the D-Mark led to sales of dollar earners, such as Glaxo and Shell, as well as other exporters, including ICI, which will feel the pinch in Germany.

FRANKFURT closed firmer overall in relatively quiet trading. The FAZ index ended 0.62 to 49.45 and overall sentiment for German stocks continued to be favourable.

The rise by sterling to its highest against the German currency since mid-September 1986 appeared to have little effect on the market. Analysts said investors were more interested in what was happening in the dollar/D-Mark rate and on Wall Street, than on some German exporters who were hit slightly by the DM rate against sterling was maintained.

Shares in retail groups, with Lloyds, Printemps and La Redoute were suspended following news on Friday that Printemps is bidding for control of the mail order group, in which it has a stake of about 32 per cent.

MILAN finished mixed in modest dealings, with a late rally helping to reduce early declines. The MIB index was unchanged at 1,010.

AMSTERDAM ended lower after an erratic day's trading, hit by the weaker dollar and a lower opening on Wall Street.

De Beers, due to announce annual results on Friday, rose 25 cents to R27.15, while Rustenburg Platinum added R1 to R29, helped by the improved price for platinum.

A shortage of stocks affected volumes and sales from London appeared lower than in Friday's session.

Gold stock Randfontein added R1 to R216 and Freegold was unchanged at R29.

SOUTH AFRICA

OLIVETTI closed up L180, or 2 per cent, at L2,550, but climbed further to L1,110 in unofficial trading. CIR, the holding company of Mr Carlo De Benedetti, closed down L85 at L5,090 but was

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Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for NATIONAL AND REGIONAL MARKETS, MONDAY MARCH 7 1988, FRIDAY MARCH 4 1988, and DOLLAR INDEX. Includes rows for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA.

Size: Dec. 31, 1986 = 100; Finland: Dec. 31, 1987 = 115.037; US \$ Index: 90.791 (Pound Sterling) and 94.94 (Euro). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987